File

SUDAN CROP OUTLOOK

P. K. Norris,
Senior Marketing Specialist,
Cairo, Egypt,

November 27, 1931.

November 27, 1931.

The following cable was sent to Washington today:-

"Cotton area Gezira 175,000 feddans stop Crop satisfactory stop Improvement reported due to a change in rotation see page 70 my Sudan report last March stop Estates along Nile report good crops stop General outlook Sudan much better than last year stop Changing conditions necessitates further investigation before final conclusions."

The crop area of 175,000 feddans referred to in the cable is only approximate. The exact figure as taken from the official statement of the Chairman of the Sudan Plantations Syndicate, made Octobrr 28, 1931, should be 174,900 feddans. The cotton area of the Gezira last year was 175,418 feddans and the year before 174,183 feddans.

The 1931-32 crop includes considerable new area in the north section of the Gezira. This area known as the Northern Extension was opened in 1929 and completed in time for the present crop. The fact that the 1931-32 acreage is equal to that of the past two years is due to this new development. Without this expansion a loss of 20 to 30 percent of area would have resulted from the change of the system of crop rotation.

Prior to 1931-32 the three-year rotation in practice was cotton, first year, lubia (cowpeas) and durra (grain sorgum), second year, and the land was allowed to lay fallow the third year. The present system is also a three-year rotation and the same except that during the second year the durra and lubia are eliminated and the land is allowed to lay fallow for two years in place of one. This has resulted in the native farmer giving up the growing of his feed crop adjoining cotton land. The feed crop is now grown in an area set aside for this purpose and each native has a fixed amount of the area for his feed crop. The result is that

the small fields of cowpeas and grain sorgum are not scattered over the entire country as under the old system.

This change is due to experiments conducted by the Sudan Government in which it was found that the white-fly is a carrier of the infection causing the disease known as "leaf-crinkle". This fly fed upon the lubia and then moved on to the cotton. By the consolidation of lubia in one block it is hoped to segregate it and then confine the fly to the lubia.

Another reason for the change in the old system of rotation was the desire of the authorities to allow the land to lay fallow two years instead of one. It has been found that the disease known as "black-arm" is less on land that has been fallow for two years than on land having a one-year fallow period.

This change in crop rotation will no doubt work a hardship upon the native because he will be required to travel considerable distance from his home to his feed crop but if it controls these two diseases it will be worth the extra trouble.

Several hard rains were reported during July and August, or the cotton planting season. From the best information available at the present time it appears that growing conditions since September have been ideal and that diseases, while present, is not expected to do the damage that it did last year. There is now a feeling in the Sudan that the low yields the last two years have been due to temporary causes.

Personally, I am of the opinion that last year was probably one of the poorest years from the standpoint of yield that might be expected. However, I doubt that in the face of the black-arm and leaf-crinkle the country will again enjoy yields equal to those prior to 1926 for many years. I doubt very seriously if Sakellaridis is the variety best ad-

adapted to the Gezira soil. The possibility of changing to an upland cotton has been discussed but I do not care to make the prediction at this time that a change will be made. Since writing the report on my visit to the Sudan last winter I have come to the conclusion that there are factors that should be considered further before final conclusions. I merely submitted the report last March as a preliminary one made from a trip of only 30 or 40 days in the country. The Sudan last year was at the greatest disadvantage of any year since the reoccupation of the country. In order to get a fair impression I believe that it is necessary to put in further study especially in the Gezira and the rain grown area of the Nuba Mountains. (I did not get to visit this area last year because of the rainy season.).

The private estates along the Nile River north of Kartoum are not very important. Any change in this area will be in direct relation to the price of cotton. The flood area of Tokar and Kassala will remain more or less constant from year to year. These areas may be depended upon for from 60,000 to 75,000 feddans annually. The two unknown factors I feel in cotton production in the Sudan is solving the disease problem in the Gezira and the expansion of the rain grown area of the Nuba Mountains.

[illegible] the Indian soil. The possibility of managing to be [illegible] [illegible] and I do not mean to imply the possibility of [illegible] some [illegible] will be made. Before making the report we [illegible] visit to the Sioux Indian Agency I have some in the reservations that [illegible] Indian land should be considered further before final consideration. I merely submitted the report last year as a possibility and made [illegible] "of such" or 40 acre to the remainder. The Indian land year was [illegible] distribution of any year since the recommendation of the commission. [illegible] I believe that it is necessary to [illegible] possibility in the Indian and the only green spot of the [illegible]. If did not if will this year land year because of [illegible].

The climate makes these the big river north of Indian [illegible] [illegible]. The change in climate will be in direct relation to [illegible] of nature. The final view of these and Indian will [illegible] [illegible] [illegible] 40 year. [illegible] [illegible] [illegible] 20,000 to 75,000 [illegible]. In the [illegible] [illegible] I feel in cotton production in the Indian is higher [illegible] [illegible] in the Indian but the experience of the [illegible] [illegible] [illegible].

SUDAN COTTON GROWING CONDITIONS.

P. K. Norris,

Senior Marketing Specialist,

Cairo, Egypt,

November 20, 1931.

November 20, 1931.

Cotton planting is complete in the flood areas of Tokar and Kassala but no Government statement is available as to the number of feddans planted this season. Owing to the fact that a large percentage of the area does not receive sufficient water to carry the crop to maturity the Government will probably not issue a report of the effective area for two or three months.

The flood at Kassala arrived the first week in July and lasted until the latter part of August. In the Tokar area several flushes ran in July but through August the flow was continuous. Approximately the same areas in both districts were flooded this year as last year.

During the 1930-31 crop about 60,000 feddans of the Tokar area and 37,938 feddans of the Kassala area received sufficient water to carry the crop to maturity.

A heavy rain was reported in the Gezira area south of Kartoum about planting time. Following such rain much of the area is often under water for long periods. No reports as to the acreage of cotton planted or the condition of the growing crop of the various sections of the country has been released by the Government. However, the report here from unofficial sources indicates that the present condition of the Gezira crop is considered favorable.

The rain grown districts of southern Sudan are reported as having

November 10, 1951.

Before proceeding to consider in the Final Report of Today and Tomorrow, but as introductory comment in relation to the problem of finding [illegible] this summer. Among the [illegible] is a clear understanding of the [illegible] and [illegible] activities which is which [illegible] be obtained by the [illegible] will [illegible] for [illegible] or [illegible] [illegible].

The Board of Trustees adopted the [illegible] [illegible] in July, [illegible] [illegible] the [illegible] year of [illegible]. In the [illegible] [illegible] [illegible], [illegible] is [illegible] [illegible] [illegible] [illegible]. [illegible] [illegible] [illegible] [illegible] [illegible] [illegible] [illegible] [illegible] [illegible] [illegible].

During the 1950-51 year [illegible] 20,000 [illegible] of [illegible] [illegible] [illegible] 17,000 [illegible] [illegible] [illegible] [illegible] [illegible] [illegible] [illegible] [illegible] [illegible]

good crop prospects. It is estimated that the acreage of the Torit and Meridi districts have been increased this season. The last report received places the 1931-32 acreage at 6500 feddans as compared with 4950 feddans for these two districts last year. It is the general impression in cotton circles in Egypt that the Sudan Government is turning more attention to the production in the rain grown districts than in years past. In a few of these areas in Southern Sudan the natives were permitted last year to gin and market their crops over the line in Uganda.

Very little information as to areas under cotton and condition of growing crop may be expected from Government sources prior to January 1.

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THE KASSALA COTTON COMPANY LIMITED;

General Meeting

and

Remarks by the

CHAIRMAN

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Nov. 20, 1931

P.I.Morris,
Senior Marketing Specialist
Cairo, Egypt.

At the general meeting of the Kassala Cotton Company, held in London on October 28, last, the chairman presented a report dealing with the financial situation of the Company.

It will be recalled that this Company is a subsidiary of the Sudan Plantation Syndicate and is operating in the north section of the Gezira area. 1929-30 was the first year of operation of this company in the Gezira. It was previously growing cotton in the flood area north of Kassala in the Kassala Province. This concession was given up, however, in favor of the lands granted by the government in the Gezira. The first year of operation, 1929-30, in the Gezira area gave a yeild of 4.45 kantars per feddan from an area of 15,548 feddans. The following year, or last year, (1930-31) the area was increased to 20,605 feddans but the average yield per feddan dropped to 1.85 kantars per feddan. This yield was in common with the yields of the Sudan Plantation Syndicate operating in the same area. While the yield for 1929-30 was above that of the Syndicate it may be explained by saying that 1929-30 was the first year cotton was grown on this particular land. A full report of the meeting of the Kassala company as recorded by the Sudan Daily Herald of November 11, 1931 is as follows:-

"The (adjourned) Eighth Ordinary General Meeting of the members of the Kassala Cotton Company, Limited, was held on the 28th October at Winchester House, London.

The Hon. A.E. Asquith, D.S.O. (the chairman) presided.

The Secretary (Mr. T.O. Simms) having read the notice convening and the auditors' report,

The Chairman said:- Gentlemen, - Since I addressed you in May last year we have suffered a very heavy loss in the death of Sir Frederick Eckstein, who took a leading part in the for-

formation and guidance of the company.

Lord Lovat and Sir Bernard Eckstein, who have since been appointed directors, have both of them experience of the Sudan and of the problems with which we have to deal, and we are fortunate in having obtained their collaboration.

Owing to the change in our financial year the accounts now before you are for the period of 18 months ended June 30 last.

REDEMPTION OF DEBENTURES

In the balance-sheet you will see that during this period we redeemed and cancelled a further £12,500 of our debentures. This means that in all £71,000 has been cancelled to date, as against the £13,500 which under the terms of the debentures we have so far been under obligation to redeem.

The discount at which we were able to buy the debentures, and which appeared in last year's balance-sheet under the heading of "Debenture Redemption Reserve Account" now amounts to £5,613.4s.6d., and we have transferred this sum to "Gezira Reserve Account". This account we have established towards the amortization of such part of our expenditure upon development and canalization in the Gezira as is not otherwise recoverable during the period of our concession.

"Balance of Expenditure in respect of the Concession in the Gash Delta" has been reduced by receipt of instalments from the Sudan Government from about £509,318 to about £481,798. Capital expenditure in the Gezira since the date of our last accounts amounts to about £5,600. This will fairly evenly spread between canalisation development and buildings on the extension of our area reported last year.

UNSOLD STOCKS

Stock of cotton and cotton seed stands at £303,183,14s. This figure is arrived at by making a valuation based on the market prices of September 30 last of the stocks then held unsold and on actual selling prices for cotton sold between June 30 and September 30.

British Government securities at or below current market prices figure at £32,200 as against nil in our last accounts. Cash - £13,464,12s,10d, as against £139,307,14s,1d. In our last accounts, of course, we had no stocks of cotton, and the reduction of cash resources is due mainly to advances to tenants and to the stocks of cotton which we now hold. Out of 16,185 bales of the 1929-1930 crop, we had sold at June 30 5,962 bales, and out of the 8,227 bales of the 1930-1931 crop we had sold at June 30 nil. Conditions in Lancashire and in the world generally during the past 18 months have made the marketing of our cotton exceptionally slow and difficult. Since the end of June

the progress of sales has been rather more encouraging.

PROFIT AND LOSS ACCOUNT

In the profit and loss account you will see that before charging Debenture interest the profit amounted to £45,118,18s,11d., and that after deduction of Debenture interest it amounted to £5,445,3s,11d. This, with the carry-forward, gave us £44,365,15s,4d., and we regret very much that in the circumstances this cannot be drawn upon for dividends. Instead, it has been necessary to reserve £28,551 against advances to tenants, and £3,710 against depreciation of British Government securities.

The £28,551 represents a reserve against advances to tenants for the growing of the 1929-30 and 1930-31 crops, which owing to poor prices and last year's low yield, the tenants are unable to repay. If we have average crops and better prices in the future we hope to be able to recoup ourselves in part or in whole for the loss now incurred.

These reserves reduce the credit balance to £13,103,19s,1d, which we recommend should be carried forward.

Our financial year, as you know, has been changed so as to coincide with the agricultural season, so that from now on the profit and loss account will give a clearer picture of the year's results.

Meanwhile the present profit and side the profits from the cotton crop of two seasons, and on the other side only 18 months of expenses - the previous six months of expenses having been dealt with in the profit and loss account to December 31,1929. On the other hand, the reserve against advances to tenants covers the two whole seasons.

Continuing the Chairman paid, in regard to inevitable "cuts" a tribute to the loyal spirit in which these were received by the staffs abroad and at home.

CROPS

Now regarding crops. Last season we only picked 1.87 kantars per feddan, as against 4.45 kantars for the previous season. This yield was much less than one would have guessed in February when I visited the area, and this shows one how dangerous it would be to make any predictions about the present growing crop.

Our latest cable from the Sudan, which is dated October 26, indicates that, while "blackarm" is present fairly generally as a secondary infection, "leaf-crinkle" is as yet slight.

The Gezira has been visited by exceptionally heavy swarms of locusts this year, but they do not like our cotton, and there has been no damage worth mentioning.

On the subject of "blackarm" and "leaf-crinckle" which was the cause of last season's disappointing yield, he detailed the measures which have been adopted to combat these pests - measures which have already given satisfaction, but cannot be expected to produce their maximum effect in the first season of their application. Hopes disappointed by the fall in cotton prices and last year's low yield were also mentioned and in conclusion the Chairman said:

Finally, gentlemen, our manager, Mr. Fleming, and our staff abroad and at home have not spared themselves, and we can only hope that the time may soon come when their efforts and your patience will be rewarded by better yields and higher prices.

The report and accounts were unanimously adopted.

The retiring directors were re-elected, the auditors were reappointed, and the meeting closed with a cordial vote of thanks to the directors.

.....

The system has been failing to successfully burn excess or leaking fuel gas, not only in air, but in water, and there has been no common safety procedure.

In the judgment of Commander [illegible] the [illegible] are aware of this serious shortcoming which, in combination with [illegible] [illegible] [illegible]

J. C. Corrie,
Senior Marketing Specialist,
Cairo, Egypt,
Sept.8, 1931.

The Egyptian Government has decided to reduce the acreage of cotton for the coming season to 30% of the whole cultivated area for Sakel and 25% of the whole area for other varieties. Normally Egypt cultivates about 1/6 of her total area in cotton. The average for the last 10 years has been about 1,787,000 feddans. Under the present restriction the 1951-52 crop will not exceed 1,440,000 feddans.

Egypt evidently decided to restrict acreage regardless of action by other countries especially the United States. Many Egyptians hold that Egyptian cotton because of its quality is a class by itself and that it should be so considered by the Government. They disbount any influence, other crops may have on the price of Egyptian cotton.

The acreage reduction for the coming year is expected to increase the area grown in wheat. In fact, this is the object in announcing the policy at this time. It enables the wheat grower to plant this fall. It seems possible that next year Egypt will have a much larger supply of wheat than in years past. This is the desire of the Government and evidently intent to reduce the purchases of wheat abroad, and at the same time insure cheap food for the mass of the population whose buying power will no doubt be greatly reduced next harvest season.

Cotton prices are so low that many landowners are having to advance money in order to get the cotton picked. It is estimated at present prices in average yield there is a loss of about 1[illegible] per acre, if cotton is picked, ginned and marketed. The poor cultivator has in many cases given up his entire crop.

Sept 10-1931

EGIPTIAN COTTON STATISTICS

FOR THE YEAR

1930 - 1931

F. K. BOGGIS
SENIOR MARKETING SPECIALIST.

EGYPTIAN COTTON STATISTICS

SEASON SEP. UNDER 1, 1930 TO AUGUST 31, 1931

		Kantars
Stocks in Alexandria on September 1, 1930		3,[illegible],671
Season's arrivals from the interior		7,[illegible],[illegible]
Local Visible Supply		11,[illegible],[illegible]
	Kantars	
Less: Season's exports	7,281,669	
Estimated local consumption	75,000	
		7,356,669
Alexandria Carry-over on August 31, 1931		3,[illegible],[illegible]
Estimated Cotton up-country on August 31, 1931		380,877
Total Carry-over on August 31, 1931		4,373,946
Less: Estimated Government holdings, August 31, 1931		2,[illegible],000
Estimated Total Free Carry-over on August 31, 1931		1,973,946

CARRY-OVER BY VARIETIES

	Sakel Kantars	Ashmouni & Zagora Kantars	Pilion Kantars	Other Kantars
Carry-over Sept. 1, 1930,	1,476,285	1,718,090	100,270	162,328
Season's arrivals	2,098,819	4,771,215	389,475	634,448
Local Visible Supply	3,575,104	6,489,305	488,745	796,774
Less: Season's exports and local consumption	1,710,118	4,807,587	298,694	540,250
Carry-over Aug.31, 1931	1,864,986	1,681,708	190,051	256,524
Less: Estimated Government holdings, Aug.31,1931,	1,450,000	825,000	100,000	25,000
Alex. Free Carry-Over, August 31, 1931	414,986	856,708	90,051	231,524

N. B. - It is to be noted that the end-of season revision will necessarily entail some modification of the above figures.

A Comparison of the destination of exports during the last five years, considered in percentages.

	1930/31	1929/30	1928/29	1927/28	1926/27
Great Britain	30.9 %	34.8 %	34.5 %	38.8 %	42.3 %
Continent, India Japan, etc.	66.9 %	54.1 %	47.5 %	48.1 %	42.2 %
U.S.A.	2.2 %	11.1 %	18.0 %	13.1 %	15.5 %

Quantity, Value and Average Prices of Arrivals of the past 3 years

	1930/31	1929/30	1928/29
Arrivals	K.7,002,957	K.6,422,060	K.5,011,650
Value in Egyptian Pounds	£10,100,000	£34,600,000	£41,000,000
Average price in dollars	$19 1/8	$20 5/8	$25 7/8

FUTURE QUOTATIONS

Highest near month quotation of season Sakel	$20.21	(September 18, 1930)
Highest near month quotation of season Uppers	$14.07	(February 27, 1931)
Lowest near month quotation of season Sakel	$10.10	(August 20, 1931)
Lowest near month quotation of season Uppers	$ 7.13	(August 20, 1931)

Average Future Prices (Near month quotations)

Period	Sakel This Season Dollars	Sakel Last Season Dollars	Uppers This Season Dollars	Uppers Last Season Dollars
September	19.30	33.15	12.30	21.15
October	17.75	29.80	11.85	20.00
November	17.35	27.35	11.95	19.60
December	14.35	27.35	10.85	19.10
January	15.00	27.35	10.95	19.80
February	17.75	27.65	12.55	19.10
March	17.80	27.65	12.65	19.60
April	15.75	25.05	11.35	19.05
May	18.15	25.05	10.70	19.05
June	13.85	25.00	10.05	19.80
July	14.35	25.45	10.30	16.00
August	11.70	25.15	7.85	14.25

Average price of this season Sakel $15.85 Uppers $11.10

Average price of last season Sakel $27.75 Uppers $18.90

EDITORIAL COMMENTS BY EGYPTIAN NEWSPAPERS REGARDING THE SUDAN

P. K. Norris,
Senior Marketing Specialist,
September 4, 1931.

The annual report of the Governor-General of the Sudan and the British High Commissioner, regarding the Sudan affairs (this report is not available in Egypt at this time) has cause a good deal of editorial comment by the papers.

Many of these papers known as favoring the Wafds Part are making political capital from certain parts of the report especially that dealing with the cotton growing area of the Gezira. In an editorial dated September 1st Al Balagh, a native arabic paper, states that the British would like to sell their interests in the Gezira scheme to the Egyptians. It is also pointed out that the construction of a dam at Gebel Awalia, by the Egyptian Government for the purpose of supplying Egypt with summer water would also be used by the Sudan Government to bring under irrigation a large amount of land located West of the White Nile. It is altogether likely that if such a dam was constructed it would provide not only water necessary for Egypt's summer cultivation but would also supply water for additional land in the Sudan. The cotton of the Sudan requires water from September to April while the cotton of Egypt

requires water from April to September. By utilizing the dam the year around, it is therefore possible that such a plan could be worked out. While a dam at Gebel Awalia would ensure Egypt's supply of summer water, it might also open up additional area in the Sudan. The Egyptians take the position that they have rather to do without the supply of water from this dam than to face the competition coming from new area opened in the Sudan. The editorial referred to above is as follows:

"The Governor-General of the Sudan in his report recently published in London admits in plain words that the Gezira Scheme has proved a failure, that there is no hope of its success and that therefore it should be regarded, on the whole, as a liability to be liquidated gradually. The Governor-General further states that the failure of the Gezira scheme has completely changed the financial question in the Sudan.

"Our Lond correspondent learns that the Governor-General has a complementary opinion to these declarations which opinion is not announced in his report, namely, to transfer the Gezira Scheme and the Makwar Dam to Egypt. This important information announced by the Governor-General In his report confirms the several rumours which hitherto have been circulated about the failure of agriculture in the Gezira and also confirm the fact which was previously unknown to the English that the soil of the Gezira is unsuitable either for agriculture or for irrigation. Hence the Gezira Scheme has been definitely destined to failure and Sir John Loader Maffey, the Governor-General of the Sudan, has been at last obliged to declare that the Scheme should be regarded as a liability to be liquidated.

"It can therefore be said that all hopes which the English had attached to the Gezira scheme have been frustrated and all the money which they had spent on reclamation and on the construction of

the Madwar dam, amounting to something in the neighborhood of twenty million pounds, has been wasted. It is not, however, improbable that Sir J. L. Maffey should think, as our London correspondent states, of transferring the Gezira Scheme and the Makwar dam to Egypt i.e. of selling them to Egypt in consideration of a sum of money equal to the amount of loss sustained by the English. For Egypt is, in their view, a milch cow which should pay losses when there are losses but which should be turned away when there are profits or when there is a distant likelihood of any profits to be forthcoming. Is it therefore, strange that the English should urge Egypt to construct the Gebel Awlia dam in the hope that the Sudan may find in it and in the lands lying to the West of the White Nile a scheme to compensate the Makwar dam? And is it therefore, strange that the English should find in getting Egypt to construct the Gebel Awlia dam at the present time, a remedy for this failure and its bitter effect on English financiers and Imperialists? And is it therefore strange that the English should find in the construction of the Gebel Awalia dam at the present time a means by which to save the Sudan and the Sudanese from the danger threatening them, seeing that if the said dam is constructed, the Sudan Government will get about two million pounds as compensation for the land which will be submerged with water from the dam and Egypt will spend in the Sudan a large sum of money which, according to the estimates of the present Egyptian Ministry of Public Works, will not exceed three million pounds but which, according to reliable authorities, will amount to over seven million pounds?

"This is the Sudan for the retention of which they broke down negotiations with the Egyptian official delegation last summer thereby delaying the settlement of the Egyptian question.

"It is to be wondered what they think now of the Sudan and of turning away the Egyptians from it. Do they consider that the question was one of financial exploitation and that the failure of this exploitation necessitates now that they should change their policy with regard to the Sudan? Or do they consider that the question was not only one of financial exploitation but was also one of establishing an empire in the heart of Africa and so will insist on their policy? The reply to these questions cannot be known now but will be known in the coming days.

"That Egypt should buy the Gezira scheme and the Makwar dam is a matter which it is advisable for the English not to think of before they think of evacuating the Sudan."

A different view of the Sudan report is taken by the All Ahram in an editorial of September 1st. This paper points out that while the Gezira is not a success under the present management that it would be successful if the Egyptian fellah (peasant farmer) were allowed to cultivate the land. There is a good deal of doubt as to whether the Egyptian fellah would be induced to the Gezira even if he was allowed to take over the whole scheme. This is only one of the many difficulties that will have to be overcome, in order to bring about a change from the native of the Sudan to that of the Egyptian. While this paper is more mild in its comments on the Sudan question it nevertheless stands firm on the proposition that the Sudan should be a part of Egypt. This no doubt explains its object in wanting to colonize Egyptians in the Gezira area. If Egypt were able to use the Sudan as an outlet for its increasing population, it would have a strong argument for complete control. The editorial is as follows:

"It is no new thing to say that there is between Egypt and the Sudan a relationship which cannot be severed. And it will be superfluous if

we try here to prove the strong and firm relationship existing between these two sister countries after it hasbeen definitely established by historical proofs that they have never separated from each other but to meet again. Nature itself has decreed that the Sudan and Egypt shouldbe one country or two parts complementary to each other. The river Nile, the similarity of weather and the nature of the land are factors that are bound to make the two countries closely connected with each other and live one and the same.life. We say the above on the occasion of the annual report submitted by Sir John Loader Maffey, the Governor-General of the Sudan on the situation in the Sudan in 1930 and the difficulties experienced with regard to the Gezira Scheme. This report was confirmed by Sir Percy Loraine.

"Sir Maffey says in his report that confidence in the Gezira Cotton Scheme with which the prosperity of the Government is so closely bound up has been temporarily shaken, partly owing to the slump in prices, but mainly owing to the low average yield, which has begun to cast a doubt as to the ability of the Gezira area to produce a crop profitably and saleable at any but much high prices than those that they are entitled to expect.

"Despite the for-going the report refers with a certain amount of optimism to the endeavours which are being made to remedy the situation. It states that it wouldbe unsound to base calculations on two bad years and ignore the fact that the average result of the whole period of the Gezira Scheme had been such as to justify the anticipation of a yield sufficient to make it self-supporting.

" Tese are the reasons which the competent authorities in the Sudan consider as being responsible for the difficulties which have confronted them in the execution of the Gezira scheme and other schemes. We may not be mistaken if we add another reason, namely, the scarcity of labor and the lack of agricultural experience on the part of the inhabitants of the Sudan. In other words, had the Egyptian fellha been working there the situation would not have been as it is today. We do not mean that the Egyptian fellah can render possible what is technically impossible but we mean that the existence of the Egyptian fellah in the Sudan would be one of the factors of success and would assist towards the realisation of whatever agricultural schemes may be

drawn up by experts. What confirms our argument is the fact that the report does not attribute failure to natural causes which cannot be surmounted but attributes it to ordinary factors.

"Despite the non-employment of modern scientific agricultural methods and despite the fact that the present methods of agriculture are practically the same as those employed hundreds of years ago Egypt has been able to maintain the good quality of her crops and the high average yield of her land, thanks to the energy and painstaking qualities of the Egyptian fellah. It is beyond any dispute that there is nobody more capable than the Egyptian fellah to work the land of the Sudan and this is due to the similarity of the weather and the nature of the land of the two countries. And now can we say that Brish statesmen wish to correct their mistake which they committed in 1924 as a result of the regrettable events which took place in the regime of the Wafdish Cabinet which was then in office? And can we say that the experiment of the last few years has proved that the construction and prosperity of the Sudan is badly in need of Egyptian workmen?

"We cannot give a definite aswer to these questions. But we hope that British statesmen will take these considerations into account when the time comes for negotiations and agreement between the Egyptian and British Governments on the Sudan question."

In a lengthy editorial dated September 2nd Al Ahram, the largest Arabic newspaper in the world reviews the history of the Gezira cotton growing area and points out the enthusiasm displayed by the British regarding this project and contrasts it with the present conditions as reported by the Governor-General. There is no doubt that the English have suffered a bitter disappointment and that this will have an influence upon the future of the Sudan but it is only reasonable to expect that they will make some use of the present outlay of money and that the

whole system will not be "junked". It is only natural that the Egyptian newspapers and Egyptian public in general should rejoice at the failure of the Gezira scheme. They were told and led to believe that an increase in the Sudan would mean keen competition in the field of long staple cotton. The cotton produced in the Congo and the possibilities of cotton production in this area attract less attention than the Sudan. The whole thing is the Egyptians want to shake off the British and they feel that any increase of British influence in the Sudan lessens the influence of Egypt. The editorial from Al Ah ram is as follows:

"In 1912 after two years of plenty Lord Kitchener stated in his annual report:

"Prosperity in the Sudan has reached so great an extent that there is almost no poor man in the Sudan.

"And in 1931 i.e. after 19 years and after several millions of pounds have been spent on the expansion of agriculture, the execution of irrigation works and the reclamation of the Geziralands and after great efforts have been put forth to improve cotton growing we hear a tune totally different from Lord Kitchener's optimistic tune, Sir John Loader Maffey, the Governor-General of the Sudan and Sir Percy Loraine, the High Commissioner paint in black the situation in the Sudan.

"What a great difference there is betwen the tune which we heard yesterday and the tune wich we heard only two years ago when the Financial Times delegated a special representative to proceed to the Sudan to discuss and report on the situation there. The said representative reported to his newspaper as follows:

> The authorities in Kartoum can today look at their work in the Sudan during the last thirty years with satisfaction. Financial equilibrium has replaced bankruptcy and a reserve fund has begun to accumulate to be a guarantee for unforseen circumstances."

"After two years of this optimism our London correspondent informs us that Sir John Maffey, the Governor-General of the Sudan states in his annual report:

> "The Gezira scheme may conceivably for many years have to be regarded on the whole as a liability to be liquidated by annual subsidies not only from direct receipts attributable to the scheme but also from the Government's normal administrative revenue."

"All this indicates to what great extent both the Government and the people in the Sudan are suffering and further indicates, despite the Governor-General's well chosen words, the failure of the Gezira Scheme and the frustration of the hopes which had been built on it by English financiers and British Imperialists.

"The Gezira Scheme was originally based on the idea of the reclamation of 100,000 feddans of the land lying between the White and Blue Niles. The execution of this idea was encouraged by the experiments made in 1911 at El-Tiba near Wad Medani on the Blue Nile. These experiments showed that it was possible to grow the best varieties of Egyptian cotton and to obtain a profitable high yield from the land there. Irrigation projects were thus started in 1914 and it was then intended to contract a loan of three million pounds to meet the necessary expenditure on these projects. Work, however, was suspended owing to the Great War. But when the war was over and Britain emerged victorious, the British Parliament approved the issue of a loan of six million pounds instead of three million pounds. Of this loan £4,900,000 was allocated for the Gezira Scheme and in the meantime it was decided to increase the area from 100,000 to 300,000 feddans.

"This large extension was due to the then existing market conditons and to the great demand on the agricultural products of the Sudan during the Great War when Egypt used to import large quantities of cereals and large numbers of sheeps and other cattle to meet the needs of

the large number of British Troops and when the Arabian Peninsula used to import maize and when England and her allies used to buy cotton and gum. This great demand on the agricultural products of the Sudan, the success of the Gezira lands in producing good varieties of cotton the hope of the English to obtain the cotton requirements of their spinning factories at moderate prices instead of paying exorbitant prices for Egyptian cotton and their desire to open new fields of activity for British capital andto exploit the Sudan economically induced the British Administration in the Sudan and British capitalism in London to enlarge the irrigation projects and to extend the area of land exploited there. But the Gezira land has failed to realise the big hopes which had been built on it. It used to give a high yield of cotton for the soil wasstill virgin and strong. But the yield began to decrease from year to year on account of the fact that the soil began to weaken, so much so, that the average yieldin the last years was much less than the average yieldin the first few years.

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> "Best calculations show that if the feddan of land yields ten pounds the Gezira Scheme will be self-supporting and will not be in need of annual subsidies either from the Government's normal administrative revenue or from other sources. But if the yieldis less than ten pounds it is unavoidable to expect a constant struggle to reconcile between receipts and expenditure and to balance the Budget.

This meansthat the desired balancing cannot be attained unless the average yield per feddan amounts to from four to five kantars. The Gezira land cannot now give this yield. The average yield last year ranged between three and four kantars and this is the highest average yield of land in the Sudan. In districts other than the Gezira the yield falls to three kantars at Dongola, Berber and Khartoum and to one kantar at Tokar, Kordofan, Kadaret and Kassala.

There is no doubt that the sending out of Egyptian troops from the Sudan has added considerably to the financial crisis which is nowbeing experienced in the Sudan. Similarlythe sum of L.E.750,000 which

the Egyptian Government pay a every year to the Sudan Government in the name of the Sudan Defence Force items of the most important factors of alleviating pressure on the Sudan budget. If Egypt ceases to pay this sum the Sudan Government will become more embarrassed and its budget more disturbed."

Adding the event that the Sudan and Egypt are of vital interest to each other it therefore points out the financial position of the Sudan Government as a result of the so called failure of the Gezira scheme. The hope is expressed that some other variety of cotton will have to be grown. The Sudan would no longer be a competitor of Egypt in growing Sakellaridis. If the desire should plant an inferior by land variety much of the present opposition to the scheme would cease. Egypt feels she has a monopoly to long staple cotton.

The full editorial is as follows:

"Everything that interests the Sudan interests Egypt and vice versa. Egypt has vital interests in the Sudan over and above the moral and political considerations existing between the two countries. The Sudan has been afflicted with a misfortune which differs from that with which we in Egypt have been afflicted but the result, from a financial point of view, is almost identical at the present time.

"Attention has again been directed to the Sudan on the occasion of H. E. the Sudan Commission's report although most of the contents of the said report do not constitute new information to those who used to read in it therefore the news about the present situation in the Sudan country. The report chiefly centers on the failure of the cotton policy in the Sudan—it is not now about whether it is a temporary or permanent failure, especially seeing that the success of the Gezira scheme caused in the beginning a great change in the prosperity of the whole country. But we have previously pointed out that the Sudan Government owes to Egypt this sum, £E,[illegible] every year. If this payment used to be

paid as interest for the irrigation loan, £600,000 used to go to the Sudan's revenues and also, £E used to go to the Cotton Fund. Relying on this source of revenue, the Government enlarged its scope of work and embarked on several projects. On the loss of this source of revenue all of a sudden is naturally bound to place the Government in a state of perplexity and to entail considerable loss to the country and its farmers.

"The bottom problem in the Sudan, however, is two-fold i.e. it is due to two factors; the first is the fall in prices, and this is universal, and the second is the decrease in yield. The latter factor, however, is causing anxiety to the responsible authorities. For if this factor continues to obtain there will be no use of the Gezira Scheme unless the price of cotton rises to, say, fifty dollars a cantar and such a price cannot be expected to be available these days.

"The decrease in yield in the Sudan is an old question. It was explained at length in a series of articles contributed to Al Ahram by Mohamed Lebib el Hamed Pasha who gives a four fold factor. The Pasha, after having personally experimented cotton growing in his farm, has come to the conclusion that the yield decreases and the quality becomes inferior from year to year, however great is the care paid to the cultivation of the soil.

"In a message received a few days ago our correspondent in the Sudan stated that "the main cause of the failure of cotton growing in the Gezira is the cotton-worm same as the Black Arm. This year, the correspondent adds, the last which it is proposed to plant with cotton has been made clear of the seeds falling from cotton trees in which equals the Black Arm Worm and Rabellardius seeds have been brought from Egypt and the experiments will be made in the hope that better results may be obtained. Judging by our own experience in the Sudan it appears to us that it would be advisable for the Sudan Government to secure pure Rabellardius seed in the Gezira and to try other varieties which will prove a success and in this case the Sudan will no longer be a competitor to Egypt in the growing of Rabellardius.

"We regret that it is proposed to split the Gezira Scheme and the Palestine Land to Egypt is nothing but a nightmare. For Egypt cannot repay these large amounts of money and meanwhile there is a strong objection to the construction of the Sabel Zeid dam despite the fact that it cost is small and the benefit to be derived from it is great and despite the fact that it is absolutely essential to Egypt now and in the future.

EDITORIAL COMMENTS BY
EGYPTIAN NEWSPAPERS REGARDING THE
SUDAN

P. K. Norris,
Senior Marketing Specialist,
September 4, 1931.

The annual report of the Governor-General of the Sudan and the British High Commissioner, regarding the Sudan affairs (this report is not available in Egypt at this time) has cause a good deal of editorial comment by the papers.

Many of these papers known as favoring the Wakfs Part are making political capital from certain parts of the report especially that dealing with the cotton growing area of the Gezira. In an editorial dated September 1st Al Balagh, a native arabic paper, states that the British would like to sell their interests in the Gezira scheme to the Egyptians. It is also pointed out that the construction of a dam at Gebel Awalia, by the Egyptian Government for the purpose of supplying Egypt with summer water would also be used by the Sudan Government to bring under irrigation a large amount of land located Weste of the White Nile. It is altogether likely that if such a dam was constructed it would provide not only water necessary for Egypt's summer cultivation but would also supply water for additional land in the Sudan. The cotton of the Sudan requires water from September to April while the cotton of Egypt

The annual report of the Administration of the Sudan for the United Nations Commission, regarding the Sudan affairs (this report is not available in Egypt at this time) has made a good deal of colorful comment by the press.

Many of these reports seem to involve the Egyptian and Sudan political relations. The report says that Egypt is the reason especially that leading some the Sudan growing area of the Nations. In an editorial which continues for all Egypt, a native Egyptian paper, states that the Sudan would like to sell their livestock in the Egyptian markets. It is also pointed out that the construction of a dam at Jebel Aulia, by the Egyptian Government for the purpose of supplying Egypt with summer water would also be used by the Sudan Government to bring under irrigation a large amount of land located south of the White Nile. It is altogether likely that if such a dam was constructed it would provide not only water storage, for Egypt's second cultivation but would also supply water for additional land in the Sudan. The cotton of the Sudan requires water from September to April while the cotton of Egypt

requires water from April to September. By utilizing the dam the year around, it is therefore possible that such a plan could be worked out. While a dam at Gebel Awalia would ensure Egypt's supply of summer water, it might also open up additional area in the Sudan. The Egyptians take the position that they have rather to do without the supply of water from this dam than to face the competition coming from new area opened in the Sudan. The editorial referred to above is as follows:

"The Governor-General of the Sudan in his report recently published in London admits in plain words that the Gezira Scheme has proved a failure, that there is no hope of its success and that therefore it should be regarded, on the whole, as a liability to be liquidated gradually. The Governor-General further states that the failure of the Gezira scheme has completely changed the financial question in the Sudan.

"Our Lond correspondent learns that the Governor-General has a complementary opinion to these declarations which opinion is not announced in his report, namely, to transfer the Gezira Scheme and the Makwar Dam to Egypt. This important information announced by the Governor-General In his report confirms the several rumours which hitherto have been circulated about the failure of agriculture in the Gezira and also confirm the fact which was previously unknown to the English that the soil of the Gezira is unsuitable either for agriculture or for irrigation. Hence the Gezira Scheme has been definitely destined to failure and Sir John Loader Maffey, the Governor-General of the Sudan, has been at last obliged to declare that the Scheme should be regarded as a liability to be liquidated.

"It can therefore be said that all hopes which the English had attached to the Gezira scheme have been frustrated and all the money which they had spent on reclamation and on the construction of

regarded water from which it emanates. If, similarly the dam has, one assumes, it is therefore possible that even a pile built in wicked soil. Only a dam of social health would a more lugubrious quality of water water. It might also depend on architectural care in the sense. The difficulties were the contrary that; this writer is in a position the right of relief from this the dam to that the investigation coming from the area spoken of the dam. The political problem to state is as follows:

"The Government-engineer of the Indus in the report, recently published in London avoids in fact words that his design, where the project's failure, that there is a risk of the sources and that there lies in a state of the sources and that there lies in a state of the project, a risk which, as a liability is in industrial practice. The Government-engineer states that the failure of the Indus which has unavoidably changed the industrial position in the state.

"The Indus engineer-engineer issues that the Government-General has a legal remedy, relying to the Government-engineer which appears in his report, namely, in the case the design of the and the author has to depart. This legislation, which also approved by the Government-General in its report defines the general measures which the engineer have been circulated about the liability of engineers in the Indus and also modified the Indus Act which is a provisionally approved in the English sense in that of the engineer is responsible either for engineers or for the project. Upon the Indus Canals are the distributing medium of failure and not the water-supply. The Government-engineer of the Indus, but been of that opinion to Indus that the author's duty to engineer as a liability is a liability.

"It was concerned in said that all, even which the English had attempted to the Indus engineer have been friendly and all the same which the Indus engineer or problem. But is the Government

the Madwar dam, amounting to something in the neighborhood of twenty million pounds, has been wasted. It is not, however, improbable that Sir J. L. Maffey should think, as our London correspondent states, of transferring the Gezira Schem and the Makwar dam to Egypt i.e. of selling them to Egypt in consideration of a sum of money equal to the amount of loss sustained by the English. For Egypt is, in their view, a milch cow which should pay losses when there are losses but which shouldbe turned away when there are profits or when there is a distant likelihood of any profits to be forthcoming. Is it therefore, strange that the English should urge Egypt to konstruct the Gebel Awlia dam in the hope that the Sudan may find in it and in the lands lying to the West of the White Nile a scheme to compensate the Makwar dam? And is it therefore, strange that the English should find in getting Egypt to construct the Gebel Awlia dam at the present time, a remedy for this failure and its bitter effect on English financiers and Imperialists? And is it therefore strange that the English should find in the construction of the Gebel Awalia dam at the present time a means by which to save the Sudan and the Sudanese from the danger threatening them, seeing that if the said dam is constructed, the Sudan Government will get about two million pounds as compensation for the land which will be submerged with water from the dam and Egypt will spend in the Sudan a large sum of money which, according to the estimates of the present Egyptian Ministry of Public Works, will not exceed three million pounds but which, according to reliable authorities, will amount to over seven million pounds?

"This is the Sudan for the retention of which they broke down negotiations with the Egyptian official delegation last summer thereby delaying the settlement of the Egyptian question.

"It is to be wondered what they think now of the Sudan and of turning away the Egyptians from it. Do they consider that the question was one of financial exploitation and that the failure of this exploitation necessitates now that they should change their policy with regard to the Sudan? Or do they consider that the question was not only one of financial exploitation but was also one of establishing an empire in the heart of Africa and so will insist on their policy? The reply to these questions cannot be known now but will be known in the coming days.

"That Egypt should buy the Gezira scheme and the Makwar dam is a matter which it is advisable for the English not to think of before they think of evacuating the Sudan."

A different view of the Sudan report is taken by the All Ahram in an editorial of September 1st. This paper points out that while the Gezira is not a success under the present management that it would be successful if the Egyptian fellah (peasant farmer) were allowed to cultivate the land. There is a good deal of doubt as to whether the Egyptian fellah would be induced to the Gezira even if he was allowed to take over the whole scheme. This is only one of the many difficulties that will have to be overcome, in order to bring about a change from the native of the Sudan to that of the Egyptian. While this paper is more mild in its comments on the Sudan question it nevertheless stands firm on the proposition that the Sudan should be a part of Egypt. This no doubt explains its object in wanting to colonize Egyptians in the Gezira area. If Egypt were able to use the Sudan as an outlet for its increasing population, it would have a strong argument for complete control. The editorial is as follows:

"It is no new thing to say that there is between Egypt and the Sudan a relationship which cannot be severed. And it will be superfluous if

"This paper shows why the Dodge Amendment and the Thomas one in a great sense is an essential for the British no. 1. Point of view of the long range of practicality, the Sudan."

A different view of the Dodge Amendment is taken by the Jill Aaron in an editorial of September 1st. This paper points out that while the Dodge is not a coverage under the present constitution it would be successful if the Egyptian rulers (pashas Amnon) were allowed to initiate the law. There is a good deal of truth in this because the Egyptian rulers would be induced to the policy even if he was allowed to face over the British control. This is only one of the many difficulties that will have to be overcome. In order to bring about a change from the ruling of the Sudan is that of the Egyptians. While this paper is more valid in its conclusion on the Sudan question it nevertheless sheds light on the proposition that the Sudan should be a self-governing state. This is doubt concerning the course in working to achieve Egyptian rule in the Sudan area. If Egypt were able to use the Sudan as a cover for the Egyptian population, it would be a great advance on the present position. An editorial in the Times:

"It is no use pretending that there is between Egypt and the Sudan a relationship which cannot be covered. Nor is it fair to a particular it

we try here to prove the strong and firm relationship existing between these two sister countries after it hasbeen definitely established by historical proofs that they have never separated from each other but to meet again. Nature itself has decreed that the Sudan and Egypt shouldbe one country or two parts complementary to each other. The river Nile, the similarity of weather and the nature of the land are factors that are bound to make the two countries closely connected with each other and live one and the same.life. We say the above on the occasion of the annual report submitted by Sir John Loader Maffey, the Governor-General of the Sudan on the situation in the Sudan in 1930 and the difficulties experienced with regard to the Gezira Scheme. This report was confirmed by Sir Percy Loraine.

"Sir Maffey says in his report that confidence in the Gezira Cotton Scheme with which the prosperity of the Government is so closely bound up has been temporarily shaken, partly owing to the slump in prices, but mainly owing to the low average yield, which has begun to cast a doubt as to the ability of the Gezira area to produce a crop profitably and saleable at any but much high prices than those that they are entitled to expect.

"Despite the foregoing the report refers with a certain amount of optimism to the endeavours which are being made to remedy the situation. It states that it wouldbe unsound to base calculations on two bad years and ignore the fact that the average result of the whole period of the Gezira Scheme had been such as to justify the anticipation of a yield sufficient to make it self-supporting.

" Tese are the reasons which the competent authorities in the Sudan consider as being responsible for the difficulties which have confronted them in the execution of the Gezira scheme and other schemes. We may not be mistaken if we add another reason, namely, the scarcity of labor and the lack of agricultural experience on the part of the inhabitants of the Sudan. In other words, had the Egyptian fellha been working there the situation would not have been as it is today. We do not mean that the Egyptian fellah can render possible what is technically impossible but we mean that the existence of the Egyptian fellah in the Sudan would be one of the factors of success and would assist towards the realisation of whatever agricultural schemes may be

drawn up by experts. What confirms our argument is the fact that the report does not attribute failure to natural causes which cannot be surmounted but attributes it to ordinary factors.

"Despite the non-employment of modern scientific agricultural methods and despite the fact that the present methods of agriculture are practically the same as those employed hundreds of years ago Egypt has been able to maintain the good quality of her crops and the high average yield of her land, thanks to the energy and painstaking qualities of the Egyptian fellah. It is beyond any dispute that there is nobody more capable than the Egyptian fellah to work the land of the Sudan and this is due to the similarity of the weather and the nature of the land of the two countries. And now can we say that Brish statesmen wish to correct their mistake which they committed in 1924 as a result of the regrettable events which took place in the regime of the Wafdish Cabinet which was then in office? And can we say that the experiment of the last few years has proved that the construction and prosperity of the Sudan is badly in need of Egyptian workmen?

"We cannot give a definite aswer to these questions. But we hope that British statesmen will take these considerations into account when the time comes for negotiations and agreement between the Egyptian and British Governments on the Sudan question."

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> The authorities in Kartoum can today look at their work in the Sudan during the last thirty years with satisfaction. Financial equilibrium has replaced bankruptcy and a reserve fund has begun to accumulate to be a guarantee for unforseen circumstances."

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> "The Gezira scheme may conceivably for many years have to be regarded on the whole as a liability to be liquidated by annual subsidies not only from direct receipts attributable to the scheme but also from the Government's normal administrative revenue."

"All this indicates to what great extent both the Government and the people in the Sudan are suffering and further indicates, despite the Governor-General's well chosen words, the failure of the Gezira Scheme and the frustration of the hopes which had been built on it by English financiers and British Imperialists.

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"This large extension was due to the then existing market conditions and to the great demand on the agricultural products of the Sudan during the Great War when Egypt used to import large quantities of cereals and large numbers of sheeps and other cattle to meet the needs of

the large number of British Troops and when the Arabian Peninsula used to import maize and when England and her allies used to buy cotton and gum. This great demand on the agricultural products of the Sudan, the success of the Gezira lands in producing good varieties of cotton the hope of the English to obtain the cotton requirements of their spinning factories at moderate prices instead of paying exorbitant prices for Egyptian cotton and their desire to open new fields of activity for British capital andto exploit the Sudan economically induced the British Administration in the Sudan and British capitalism in London to enlarge the irrigation projects and to extend the area of land exploited there. But the Gezira land has failed to realise the big hopes which had been built on it. It used to give a high yield of cotton for the soil wasstill virgin and strong. But the yield began to decrease from year to year on account of the fact that the soil began to weaken, so much so, that the average yieldin the last years was much less than the average yieldin the first few years.

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the Egyptian Government pays every year to the Sudan Government in the name of the Sudan Defence Force is one of the most important factors of alleviating pressure on the Sudan Budget. If Egypt ceases to pay this sum the Sudan Government will become more embarrassed and its budget more disturbed."

Taking the stand that the Sudan and Egypt are of vital interest to each other Al Ahrram points out the financial position of the Sudan Government as a result of the so called failure of the Gezira Scheme. The hope is expressed that some other variety of cotton will have to be grown. The Sudan would no longer be a competitor of Egypt in growing Sakellaridis. If the Gezira should plant an American up land variety some of the present opposition to the scheme would cease. Egypt feels she has a monopoly on long staple cotton. The full editorial is as follows:

"Everything that interests the Sudan interests Egypt and vice versa. Egypt has vital interests in the Sudan over and above the moral and political connections existing between the two countries. The Sudan has been afflicted with a misfortune which differs from that with which we in Egypt have been afflicted but the result, from a financial point of view, is almost identical at the present time.

"Attention has again been directed to the Sudan on the occasion of H. E. the High Commissioner's report although most of the contents of the said report do not constitute new information to those who used to read in al Ahrram the news about the present situation in the sister country. The report chiefly centers on the failure of the cotton policy in the Sudan--it is not now known whether it is a temporary or permanent failure, especially seeing that the success of the Gezira Scheme caused in the beginning a great change in the progress of the whole country. We have previously pointed out that the Sudan Government used to get from this source £1,500,000 every year. If this sum £1,500,000 used to be

paid as interest for the irrigation loan, £600,000 used to go to the state's revenues and £300,000 used to go to the Reserve Fund. Relying on this source of revenue, the Government enlarged its scope of work and embarked on several projects. So the loss of this source of revenue all of a sudden is naturally bound to place the Government in a state of perplexity and to entail considerable loss to the country and its revenue.

"The cotton problem in the Sudan, however, is two-fold i.e. it is due to two factors; the first is the fall in prices, and this is universal, and the second is the decrease in yield. The latter factor, however, is causing anxiety to the responsible authorities. For if this factor continues to obtain there will be no use of the Gezira Scheme unless the price of cotton rises to, say, fifty dollars a cantar and such a price cannot be expected to be available these days.

"The decrease in yield in the Sudan is an old question. It was explained at length in a series of articles contributed to Al Ahram by Sheikh Lutfi el Shebab Pasha who owns a farm near Khartoum. The Pasha, after having personally supervised cotton growing in his farm, has come to the conclusion that the yield decreases and the quality becomes inferior from year to year, however great is the care paid to the treatment of the soil.

"In a message received a few days ago our correspondent in the Sudan states that the main cause of the failure of cotton growing in the Gezira is the cotton-worm known as the Black Arm. This year, the correspondent adds, the land which it is proposed to plant with cotton has been made clean of the seeds falling from cotton trees in which seeds the Black Arm treats and Sakellarides seeds have been brought from Egypt and new experiments will be made in the hope that better results may be obtained. Judging by our own experience in the Sudan it appears to us that it would be advisable for the Sudan Government to cease growing Sakellarides cotton in the Gezira and to try other varieties which may prove a success and in this case the Sudan will no longer be a competitor to Egypt in the growing of Sakellarides.

"The rumour that it is proposed to sell the Gezira Scheme and the Nahar Dam to Egypt is nothing but a nightmare. The Egypt cannot spend these large amounts of money and meanwhile there is a strong objection to the construction of the Sobat Dam despite the fact that its cost is small and the benefit to be derived from it is great and despite the fact that it is absolutely essential to Egypt now and in the future.

SUDAN CONDITIONS

P. K. Morris,
Senior Marketing Specialist,
August 31, 1931.

The Egyptian Gazette of August 31st, in commenting upon the report of the High Commissioner of Egypt and the Sudan, points out that the Sudan Cotton growing scheme was probably over-developed or over emphasized and that the expectations of those who invested their money will not be realised for several years to come, if at all. It has also pointed out that the five years prior to 1923-29 were only "bait" years and that these conditions cannot be expected again.

The High Commissioner is evidently much concerned about the balancing of the budget of the Sudan Government. In his recent report he makes the following comment:

> "Confidence in the Gezira cotton scheme with which the prosperity of the Government is so closely bound up has been temporarily shaken, partly owing to the slump in prices, but mainly owing to the low average yield which has begun to cast a doubt as to the ability of the Gezira area to produce a crop profitably and saleable at any but prices much higher than those that they are entitled to expect. The Gezira scheme may conceivably for many years have to be regarded on the whole as a liability to be liquidated by annual subsidies not only from direct receipts attributable to the scheme but also from the Government's normal administrative revenue. Under these circumstances the Sudan's financial problem in the near future will be the balancing of the budget, which future must provide funds for such minimum recurrent capital expenditure as is absolutely unavoidable.

> Despite the need for drastic retrenchment, however, the point has not yet been reached where we must abruptly lower the standards of administration. Moreover, it would be unsound to base calculations on two bad years and ignore the fact that the average result of the whole period of the Gezira scheme had been such as to justify the anticipation of a yield sufficient to make it self supporting.

There ~~is~~ are some rumours going around in Egypt that the British stock-holders of the Sudan Plantation Syndicate, who operate the Gezira growing scheme, are anxious to get out with as much of their original investment as possible. Just how they propose to do this has never been explained.

The business men and Government officials in the Sudan are very anxious that the Egyptian Government resume its work of Gebel El Awaliya dam. This project, located 30 miles South of Khartoum on the White Nile was started by the Egyptian Government several years ago but dropped because of political reasons. The business men in the Sudan feel that if work is started on this project again, conditions would improve in the Sudan that it would afford employment for a large number of workment, and thus stimulate business.

There is some agitation in Egypt for this project. The Prime Minister a few days ago made a statement that if the money was available or could be

secured, he thought it would be a good thing for Egypt in order to ensure her future water supply.

In reporting my trip into the Sudan last February, I pointed out that the production of cotton in the Gezira, under present conditions, would likely decrease for the next several years. Since February conditions have been growing worse and it now appears that my description of the conditions prevailing in the Sudan was rather mild. The Government has discharged or reduced the salaries of practically all its clerks and subordinate officials. It has also reduced the allowance of its senior officials and in many cases have retired men who otherwise would continue in the service. The whole Sudan is not only suffering from the present depression but it is also suffering from the rapid and unwarranted growth since 1925. This expansion wasbased on false hopes ~~that is~~ of 20-cent cotton and 5 kantars yield. Merchants and business men in the Sudan are having great difficulty in adjusting themselves to the fact that these conditions will not exist again for many years at least.

GENERAL COTTON SITUATION IN EGYPT

P. K. Norris,
Senior Marketing Specialist,
Cairo, Egypt,
Aug. 11, 1931.

After closing hours yesterday I sent the following cable:

> "Action Egyptian Government fixing minimum for trading one dollar below Saturday closing resulted in no market today stop Further action expected."

The Above situation is due to the expected drop in the market caused by the U.S. Department of Agriculture estimate of the American crop. This estimate was received here about 6 P.M. Saturday. Sunday the Prime Minister called a meeting of the President of the Exchange and the Government Commissioners. The question of what at the Alexandria Market would do was discussed. In view of the drop of the Chicago market it was thought the Alexandria Market might drop 200 points if allowed to open Monday without a minimum limit. The members of the Exchange held a meeting late Sunday and as a result of this meeting the Government fixed a low limit of $1.00 under the last closing.

The Exchange opened for business Monday but no trading took place.

The enclosed from the Egyptian Gazette of August 11, points out the situation. It is serious.

The Official Communique published by the Government Augus t 3, declares that no more cotton will be sent abroad on consignment, and that no more sales will be made unless it is to the interest of the trade and then only grades not to be found on the open market.

The latest "dope" on the Russian sales is that 17000 bales were sold a short time ago and are now being exported.

I am of the opinion that the Egyptian Government Officials are sorry that (if they have the interests of the country at heart) they agreed to sell a fixed amount of cotton each year. They were told by English spinners such a statement of policy would help the market but since that time it has gone down each month and they now see that the sale of 500,000 kantars will be a big factor in depressing an already weak market. While they have called on the U. S. A. to make a statement of policy, a few of them feel we will be wise if we do not make a statement binding ourselves to sell a fixed amount at a fixed time. A few of them now feel they would like to be free to sell when they think the market is right and sell any amount they can. Under the present plan it will take about several years to sell the present stocks. If conditions should improve they might want to sell a larger amount during a given year than they agreed. As one man said they are wondering if the "English did not talk them into something." It is charged here that the Officials agreed to this "English Spinners Policy", hoping to keep on good terms with the English until the pending Egyptian questions are settled by a favorable treaty. This may not be true but it is known that the present Government is very anxious to get a favorable settlement and this might be one way of doing it.

AVERTING A COTTON PANIC.

BOURSE COMMISSION FIXES MINIMUM.

BUSINESS AT STANDSTILL.

DEALINGS "IN THE STREET."

In order to avert a panic in the Cotton Market, following upon the publication of the American Bureau production estimate, which exceeded average expectations by 1,500,000 bales and occasioned a fall of 137 points in the Chicago Cotton Exchange, the Alexandria Bourse Commission decided yesterday morning, at the instigation of the Government and in the exercise of powers vested in it by Article 11 of the *Reglement General des Bourses des Marchandises a terme*, to limit the decline at yesterday's session to 100 points below Friday's closing quotations for all deliveries of Sakel and Uppers.

The Bourse Commission is empowered, in exceptional circumstances such as those obtaining in the present instance, to fix minimum prices day by day during a period of three trading days. To extend the period Government authority is required.

The effect yesterday of this action was to fix November (Sakel) delivery at $11.82 and October (Uppers) delivery at $7.82, but, naturally, business was virtually brought to a standstill.

OFFICIAL COMMUNIQUE.

The following communiqué was issued yesterday: —

Following the Government communiqué published on August 1, giving the total of their cotton stock up to July 31, and the one published on August 3 announcing the decision taken to stop the sale of cotton taken from the undermentioned stock and in order to make its intention clear, the Government declares that: —

1) The 5000 bales consigned at Liverpool form the only consignment sent abroad by the Government this year. The Government will not send any more cotton to Liverpool.

2) The study of the measures which should be taken by the Government for the disposal of its cotton within the limits already mentioned in the communiqué of August 3, does not imply that these measures will be put into force as soon as the study is terminated, but, on the contrary, their application may be postponed, if necessary.

The Government takes the opportunity of declaring that the most explicit instructions have been given to suspend *sine die* all sales of their cotton. The exception mentioned in the communiqué of August 3 in favour of local consumption applies for the strict needs of the textile industry of the country. No sales will be made to the industry unless it is clearly shown that the cotton demanded is indispensable in order to avoid the interruption of its work and that the qualities demanded are not to be found on the market.

The sales of cotton to Soviet Russia with the obligation of immediate export are considered as not being of a nature to affect the market, but on the contrary to bring relief to it, and the Government reserves all liberty to examine any offers presented by Russia and to deal with them if necessary.

ABNORMAL CONDITIONS.

MARKET DISTRUSTS ATTEMPTS AT CONTROL.

The gloomy outlook of the cotton market received another severe setback on Saturday last, when official figures regarding crop condition and probable production were released by the Crop Reporting Board of the United States Department of Agriculture. The condition, which was 74.3 per cent. of normal, forecasted a total production of 15,584,000 bales, which compares with 14,362,000 bales at the same time last year. This was decidedly bearish, exceeding previously supposed reliable calculations by several hundred thousand bales. It had been generaly believed that the estimate would be around 14,000,000 bales, whilst less optimistic views considered that 14,200,000 would be nearer.

The collapse of the Overseas Markets would naturally have its repercussions on the Alexandria Cotton Exchange, in view of the fact that the latter market reflects closely the movements in the leading foreign Exchanges. For this reason, the Egyptian Government thought it advisable to summon an urgent meeting, which was attended by the President of the Bourse Commission, Mr. Jules Klat, and the two Government delegates, A. Goldstein Bey and Hassan Kamel Effendi. This meeting, which took place on Sunday afternoon, decided on the following relief measure being taken with a view to putting a check to the disastrous effect which the American bumper production forecast would have on Egyptian cotton values. As a first step, it was thought indispensable to fix minimum prices for the various options, which would be the basis of dealings for operators in the ring. These minima which were fixed at one dollar below Friday's closing quotations, were as follows:—

SAKEL:

November Futures	11.82
January Futures	12.18
March Futures	12.53
May Futures	12.85

UPPERS:

August Futures	7.39
October Futures	7.82
December Futures	8.11
February Futures	8.35
April Futures	8.66
June Futures	8.88

Naturally, this decision on the part of the Government led to confusion in the ring, as the minimum prices fixed are much above parity differences, if the market were to follow its normal course by adopting the American Production Estimate as a basis of transactions. Consequently, business on the local Cotton Exchange was completely at a standstill, with the exception of three transactions executed at the opening, divided among the November, March and December options. These were of very small dimensions, however. The abnormal conditions on the Futures Market resulted in complete paralysis of business at the Minet-el-Bassal Bourse also, as exporters were loth to accept the prices fixed by the Bourse Commission as a basis for price-fixations.

It is believed by a large section of the market that the decision to fix minimum prices for cotton transactions carries with it no weight, as long as the Government does not intervene as a buyer at the price fixed. Whilst no official business was done yesterday, transactions "in the street" were fairly brisk, and it is estimated that between 15,000 and 20,000 kantars changed hands during the day. The basis at which this outside business was done at the opening was 11.50 for November, and 7.50 for October, being 32 and 32 points respectively below the figures fixed by the Government (November 11.82; October 7.82). Fluctuations then followed closely the movements on the Liverpool Cotton Exchange, communicated here at short intervals through the expeditious system of wireless transmission recently installed at the Alexandria Cotton Exchange. Operators here, anticipating a weaker tendency, carried out dealings, at the close, at 11.15 for November and 7.22 for October. It is contended, moreover, that Government interference in the present case, will be very detrimental to the cotton trade, and it is rumoured that the Egyptian Government has the intention of establishing a fixed premium of 60 0/0 for Sakels and one dollar for Uppers as a parity basis with American growths. But, as present indications show that the crop this year is very likely to exceed the probable consumption, and, having in view the large holdings of the Farm Board and Co-operative Societies, it is difficult to see how, with the speculator disgruntled by Government interference, and the trade in its present parlous state, this year's crop is to be marketed, without considerable easing in prices.

The present slump in cotton values has reduced the value of the Government's holdings to the extent of approximately one million pounds.

COTTON MARKET.

FUTURES.

Monday, August 10.

After an erratic session, the New York market closed 1 point lower for New Crop delivery on Friday, but 11 points were regained on Saturday on pre-Bureau covering and a fair measure of support from trade sources. The Bureau Report, estimating 1931/32 production at 15,584,000 bales, was issued after the New York close but resulted in a collapse of 137 points in the Chicago Exchange. Here the estimate, which exceeded average private forecasts by 1 1/2 million bales, caused something in the nature of a panic and the market would unquestionably have broken considerably further this morning but for the decision taken by the Bourse Commission to limit the decline to a maximum of a dollar for all deliveries. The opening quotations (November 11.82; October 7.82) accordingly showed losses of precisely 100 points in both Sakels and Uppers. After a few small exchanges—mainly of a purely professional character—at these levels the session was virtually suspended.

Liverpool opened 95 penny points lower for Americans, discounting a break of 1 3/4 Cents. in New York, and 88 and 93 points lower for Sakels and Uppers respectively. Later cables recorded a slight improvement, but quotations at the time of the close here showed net falls of 83 points for Americans, 90 points for Sakels and 89 points for Uppers.

TO-DAY'S PARITIES.

It should be noted that the following parities are purely nominal owing to the stabilisation of prices here.

October New York	c.8.12	
October Alexandria	$7.82	Discount Alexandria 30 points
November Sakel Liverpool	5.73d.	
November Alexandria	$11.82	Premium Alexandria 36 points
November Uppers Liverpool	4.30d.	
October Alexandria	$7.82	Discount Alexandria 78 points
November Alexandria	$11.82	
October Alexandria	$7.82	Premium Sakel New Crop 400 points

N.B.—The New York quotation is that of Saturday's close. The Liverpool quotations are the latest to hand before to-day's close here. The Alexandria quotations are those of to-day's close.

SPOT.

Business in this department was paralyzed almost entirely to-day by the stabilization of Futures values, exporters being unable to accept the ruling quotations as a basis for price-fixations.

File

INCREASE WATER SUPPLY

P. K. Norris,
Senior Marketing Specialist,
August 8, 1931.

Diff

The Ministry of Public Works through its Irrigation Department announces that the water supply of the Nile is steadily increasing. On August 4, the discharge of the Nile at Cairo was 67 million cubic meters and on Wednesday, August 5th it increased to 75 million cubic meters and on Thursday, August 6th to 87 million cubic meters. The Irrigation Officials expect mud water to arrive at Cairo Friday, August 7th.

The increase from August 4th to August 6th amounts to 20 million cubic meters. It is felt here that there will be no further serious water shortage this season. However, the cotton in the Lower Delta will still require a great deal of water.

Corn and other summer and fall crops will also draw heavy on the increased supply.

File

THE

NEW AGRICULTURAL BANK

P. K. Morris,
Senior Marketing Specialist,
August 8, 1931.

Lil.

The Kind of Egypt on August 6, 1931, issued a decree approving the sale of the stock of the New Agricultural Bank, established under decree No. 50, November 18, 1930.

The object of the new Bank is to meet the financial and agricultural needs of the country by advancing loans to cooperative societies and to small farmers, to enable them to produce and market their crops to the best advantage. Short-time loans will be for a period not to exceed 14 months but loans for the purchase of Agricultural machinery, live-stock and improvement of agricultural lands which includes the construction of canals and drainage ditches may be made for a period not to exceed ten years. If, however, the loans made for the improvement of lands result in a public benefit, these loans may be made for a period not to exceed 20 years. All loans are to be secured by a first mortgage.

The capital of the new bank is L.E.1,000,000 represented by 250,000 shares of L.E.4 each. The subscription of the capital is divided as follows:

The Egyptian Government.....	L.E.500,000
The National Bank of Egypt.....	" 200,000
Bank Misr.....	" 100,000
Credit Foncier Egyptien.....	" 100,000
Deutsche Orientbank, A.G.....	" 23,500
Credit Lyonnais.....	" 10,000

Brought forward.....	L.E.	933,500
Land Bank of Egypt.....	"	10,000
Ottoman Bank.....	"	5,000
Banque d'Athenes.....	"	5,000
Banque d'Orient.....	"	5,000
Comptoir Nat. d'Escompte de Paris.....	"	5,000
Banco Italo-Egiziano.....	"	5,000
Barclays Bank (D., C. & O.).....	"	5,000
Banque Belge et Internat. en Egypte.....	"	5,000
Banca Commer. Italiana per l'Egitto.....	"	5,000
Compagnie du Gaz (Lebon & Cie).....	"	5,000
Mosseri & Cie.....	"	4,000
Credit Foncier d'Orient.....	"	3,000
Ionian Bank.....	"	2,500
Caisse Hypothecaire d'Egypte.....	"	2,000
Total.....	L. E.	1,000,000.

The bank is governed by a Board of not less than twelve directors or not more than sixteen. The Government will be represented on a Board in proportion to its capital stock. The present Board consists of the following:

Chairman: Mahmoud Shukry Pasha.

Members: Ahmed Abdel Wahab Pasha, Galal Fahmi Bey, Abdel Hadi Mohamed Bey, Abdel Hamid Badawi Pasha, Mohamed Allam Pasha, Gallini Fahmy Pasha, Hassan Mazloum Pasha, Mr. H. R. Brereton, Dr. Fuad Sultan, M. E. Minost, Hassan Said Pasha and M. M. Lascaris.

The full text of the Royal Decree issued August 6, 1931, is as follows:

We, Fuad I., King of Egypt,

Seeing the preliminary articles of association drawn up at Cairo on June 25, 1931, and at Alexandria on June 29, 1931, between the following:- The Egyptian Government, the National Bank of Egypt, Banque Misr, Credit Foncier Egyptien Deutsche Orientbank A.G., Credit Lyonnais, Land Bank, Banque d'Athenes, Banque d'Orient, Comptoir National d'Escompte de Paris, Banco Italo-Egiziano, Barclay's Bank (Dominion Colonial and Overseas), Banque Belge et Internationale en Egypt, Banca Commerciale Italiana per l'Egitto, Compagnie due Gaz (Lebon and Cie.) Mosseri & Co., Credit Foncier d'orient, Ionian Bank and Caisse Hypothecaire d'Egypte: Seeing Decree Law No.50 of November 18, 1930;

Seeing Article No. 40 of the Native Commercial Code and Article No.46 of the Mixed Commercial Code;

And on the proposal of Our Minister of Finance and the advice of Our Council of Ministers:

Decree:

Article 1.- The Egyptian Government, the National Bank of Egypt, the Banque Misr, the Credit Foncier Egyptien, the Deutsche Orientbank A. G., the Credit Lyonnais, the Land Bank of Egypt,

the Ottoman Bank, the Banque d'Athenes, the Banque d'Orient, the Comptoir National d'Escompte de Paris the Banco Italo-Egiziano, Barclays Bank (D.C.&O.) Banque Belge et Internationale en Egypte, Banca Commerciale Italiana per l'Egitto, Compagnie de Gaz (Lebon & Cie.,) Mosseri & Co., Credit Foncier d'Orient the Ionian Bank and the Caisse Hypothecaire d'Egypte, are authorised, at their risk and peril, although the Government can in no case run any responsibility through this authorisation, to form a Societe Anonyme under the name of "Credit Agricole d'Egypte" are charged to conform to the laws and customs of the country as well as the status of wich a copy, signed by their signatures, is annexed to this decree.

Article 2.- The present authorisation given to the said Societe Anonyme does not imply either responsibility, monopoly nor privilege on their part or on that of the State.

Article 3. Our Minister of Finance is charged with the execution of this decree.

Signed at Montaza Palace, July 23, 1931.

EGYPTIAN COTTON ACREAGE REPORT

P. K. Norris,
Senior Marketing Specialist,
Cairo, Egypt.
August 7,1931.

The Official Report of the Government places the 1931 Egyptian Cotton Acreage at 1.682.938 feddans. The acreage last year was 2.082.420. This is a reduction of 379.482 feddans. The area of each of the leading varieties is reported as follows:

Variety	1931	1930
Sakel.....	478.579	837.344
Ashmouni & Zagora..	758.643	936.134
Pilion.....	157.477	124.254
Maarad.....	110.958	66.183
Nahda.....	53.252	25.108
Fuadi.....	39.610	32.987
Giza.3.....	37.510	36.316
Giza.7.....	34.710	5.329
Casulli.....	6.060	9.491
Sakha 4.....	3.959	-----
Others.....	2.180	9,354
Total.....	1.682.938	2.082.420

A real reduction is noted in the Sakel acreage this year. While the Ashmouni and Zagora is less it is not as outstanding as that of Sakel. It will be noted that Giza 7 shows an increase of about 30.000 feddans over 1930. Most of this is said to be in Upper Egypt and is therefore replacing the

the Ashmouniand Sagora varieties. The increase of Saarad, and the other longer staple varieties is largely in the Delta where the Sakel area was limited by decree to 40% of the acreage.

Cotton is reported to be in fine growing conditions and with the water shortage over or out of danger a good yield is expected. Private estimates place the total crop at from 7.250.000 to 7.500.000 kantars.

File

EGYPTIAN GOVERNMENT COTTON

STOCKS

P. K. Norris,
Senior Marketing Specialist,
August 5, 1931.

The Egyptian Government through the Ministry of Finance has issued a statement giving the amount of cotton controlled by the Egyptian Government, on July 31st of this year.

According to this statement, there is in warehouses at Alexandria 2,559,439 kantars (324,450 bales); in Liverpool the Government has stored 36,450 kantars (5,000 bales); at interior points and in transit to Alexandria there are 369,308 kantars. This is a total of 2,965,147 kantars.

This statement was issued in answer to the criticism of the local press regarding the sales of cotton. It was charged by many local newspapers that the Government was disposing of its stocks without replacing them. The Government answers that it has replaced kantar for kantar and that it is only for cotton that could not be obtained on the local market in Alexandria. The replacements are coming from cotton on which the Government had made advances to growers and are now foreclosed. As proof of the Government's position it is stated that on May 21st last, the Government had on hand 2,982,002 kantars which is but a small amount in excess of its present holding.

The local exporters are very much opposed to the Government announcement that this cotton will be stored in European ports and main centers. As far as

I am able to learn this opposition is based on the fact that local merchants and warehousers will receive nothing in the way of rent and commissions on this quantity if it is moved out of Egypt. It is a pure business proposition to them.

Aug 5, 1931

REPORT OF

COUNTY DEVELOPMENT PROGRAMS

IN THE

[illegible]

AND THE

KAPCALA FLOOD AREA

OF THE

[illegible]

[illegible] AND FOR 1931

W. H. [illegible]
SENIOR [illegible] SPECIALIST
[illegible], [illegible].

From the reports of seed issued to native growers of the Mongalla Province of the Sudan, it appears the cotton acreage of the two largest producing areas of this province will be increased during the season of 1931-32. The estimated acreage based on the seed issued compared with the 1930-31 acreage is as follows:-

Area	1931-32	1930-31
Lorit	2,900	2,760
Meridi	2,700	2,290
Total	5,600	4,050

This is an increase of 1550 feddans over the 1930-31 acreage. The total 1930-31 acreage for this Province was estimated at 7,000 feddans with a total yield of 7,000 kantars. Other cotton growing areas of Mongalla Province are the Kajo Keki, Yei, and Kimule districts all located in the extreme southern part of the province. Due to the cost of transportation and the low price of cotton the Sudan Government allowed the natives of the last three named areas to sell their cotton over the line in Uganda last year. The crop was, therefore, shipped out by way of Gulu and Soroti.

In the Kuku Kumbatio the acreage will be considerably reduced judging from the seed issued. In the area around Yalodi the native grower is reported to have very little interest in planting a crop. In other districts very little rain fell and planting was delayed. The Government has made a contract for the transportation of the 1931-32 crop to the railhead at a reduced figure as compared to the 1930-31 rate.

It is thought this will stimulate planting. The entire Nuba Mountains district produced last year (1930-31) 47,327 kantars from 43,000 feddans. It is expected that the crop will be much less this year (1931-32). All the cotton in both the Gezira and Nuba Mountains is rain grown and of American Upland varieties.

The Nash flood in the Kassala Province (East side of the Sudan) reached the cotton area on July 6 of this year. All preparations had been completed and planting will start as soon as the land is dry enough. This area will plant about 35,000 to 40,000 feddans. The crop last year (1930-31) was 57,367 kantars from 37,333 feddans or 1½ kantars per feddan.

The final figures of the cotton growing areas of the Sudan as reported by the Central Economic Board of the Sudan Government are as follows:-

IRRIGATED COTTON	1930/31 Feddans	Amount Picked Entiars
Sakellaridis:-		
Gezira	175,410	227,721
Kassala Cotton Company	20,205	38,545
Tokar	60,000	82,200
Kassala	27,[illegible]	37,327
Dueim, Guedeid & Kenana	500	991
Private estates	8,[illegible]	6,[illegible]
Miscellaneous	--	--
TOTAL	297,[illegible]	396,[illegible]
American		
Berber Province (Govt. Ginning Stations)	3,271	7,154
Dongola Province (Govt. Ginning Stations)	9,161	10,[illegible]
Kaidub	3,401	22,121
Private Estates	4,3[illegible]	10,[illegible]
TOTAL	19,[illegible]	51,[illegible]

RAIN-FED COTTON	1910-11	Amount picked
American	Maunds	Maunds
Northern Provinces		
Nine Fils	700	280
The Fung	1,300	750
Dasuqi	2,100	2,250
White Fils	---	---
Southern Provinces		
Kordofan	48,000	47,627
Upper Nile	3,333	3,201
Sennaar	7,000	7,000
Miscellaneous	---	---
TOTAL	60,533	63,858
GRAND TOTAL	373,001	410,021

File

THE FLIGHT OF THE

EGYPTIAN FATHER

F. L. Morris,
Senior Marketing Specialist.
August 5, 1931.

The Ministry of Finance has sent a questionaire to the inspectors and governors of the various provinces of Egypt. This questionaire has to do with the financial condition of the small land-owner and the tenant farmer.

The Government is very much concerned at the present time regarding the conditions under which its agricultural workers are producing the current crops. It is my observation that the condition of the agricultural worker of Egypt, could not be much below its present state. I am also of the opinion that his welfare does not depend upon the price received for his cotton. He ordinarily gets a mere existence and nothing more for his year's work. However, the Government is for the first time interesting itself in the condition of the worker who tills the soil. Heretofore, all discussions on the economic condition and the reference made to the farmer include only the owners of the land and not the men who actually work the soil. These people have always been more or less the property of the land. They live in their villages which are built on the land owned by some non-residents and they never think of moving off the land.

The study, the Government is attempting, will include such questions as the influence of the present crisis on the tenant farmer, the small land-owner, the

medium land-owner and the large land-owner. Also the credit facilities of the local banks and the local money-lenders will be studied in connection with the present debt of the individual farmer. The Government is also investigating the question of whether or not the present level of cotton prices will affect the future production of cotton in Egypt.

A good deal of money has been advanced by the Government this year for cotton production and at the present time they are interested in the prospects for collection of these loans.

It is charged that the farmer is in such poor circumstances that he is compelled to sell his maize and other food crops in order to pay the money-lender who has extended credit during the previous year. The Government will also investigate this phase of the situation. The time alloted for this study expires on August 15th but I am of the opinion that no results will be published for at least 12 months. The Government may decide that such a report would be of very little value and would therefore not publish the information gathered. I shall make an attempt after August 15th to secure at least a summary of this study. As far as I know, this is the first time the Egyptian Government has interested itself in a country-wide study of the economic conditions of the dirt farmer.

File

THE CONDITIONS AND PROSPECTS OF THE EGYPTIAN COTTON CROP

P. K. Morris,
Cotton Marketing Specialist,
August 5, 1931.

The statistical section of the Ministry of Agriculture, has issued a report on the condition of the cotton crop during the first half of July 1931. While the condition is considered generally favorable it is also admitted that pests and water shortage are causing some trouble.

The report in full is as follows:

Weather conditions

"Heat was severer than it had been during the latter part of last month. To a great extent, it accelerated growth as well as flower and boll formation.

Water

Inadequate to some canals, especially at the tails, owing to shortage and cultivators effecting sharaqi irrigation prior to permission of same. Such difficulties were overcome in places where artisian water was available as also in regions where cultivators adheredto official instructions by refraining from sharaqi watering.

Pests

Cotton Worm:

Infestation by cotton-worm became much less grave in Upper Egypt and in the Southern part of the Delta. It diminished in Dakahlia, Southern Gharbia and Behera owing to several causes which are mainly hot weather, Non-early sharaqi watering and non-cultivation of rice in the Northern regions. It is, however, still severe in late-sown areas in Northern Gharbia and Beheira where moisture is a stimulant. Hatching took place in some odd localities causing some damage therewith. Great effort was made in this season for collecting and destroying egg-masses, otherwise much damage might have occurred.

Wilt:

Infestation was still severe in uninnured

spacing, but immature ones, however, were in good condition.

Aphis:

Infestations during the first half of the month were slight as was expected. This condition would probably last during the second half of the month.

Boll-worm:

The percentage of infestation by them in both Zagora and Ashmouni amounted to 3% in Upper Egypt. Giza is considered free from infestation owing to the bolls being too few so far.

Grass-hopper:

Found in several places in the Northern districts of Gharbia and Dakahlia provinces and in a small area in Behaira province. Treated by means of scattering poisoned bait. No damage occurred to the crop.

Growth and maturity.

The lower young bolls in early-sown areas started maturing in Upper Egypt. Opening of bolls started in Giza and Zagora, but in Ashmouni and later crops, boll formation was general save in late-sown areas in Northern Delta where it is still in the stage of flowering and flower budding. Crop is on the whole satisfactory, in cultivations which were watered by means of artisial wells between both modes of irrigation. In Upper Egypt, however, improvement as to growth was progressing notwithstanding delay of cultivation as compared with last year.

File

EGYPTIAN GOVERNMENT COTTON

STOCKS

P. K. Norris,
Senior Marketing Specialist,
August 3, 1931.

The Egyptian Government through the Ministry of Finance has issued astetement giving the amount of cotton controlled by the Egyptian Government, on July 31st of this year.

According to this statement, there is in warehouses at Alexandria 2,559,439 kantars (324,450 bales); in Liverpool the Government has stored 36,450 katars (5000 bales); at interior points and in transit to Alexandria there are 369,308 kantars. This is a total of 2,965,147 kantars.

This statement was issued in answer to the criticism of the local press regarding the sales of cotton. It was charged by many local newspapers that the Government was disposing of its stocks without replacing them. The Government answers that it has replaced kantar for kantar and that it has only sold cotton that could not be obtained on the local market in Alexandria. The replacements are coming from cotton on wich the Government had made advances to growers and are now foreclosed. As proof of the Government's position it is pointed out that on May 21st last, the Government had on hand 2,982,002 kantars which is but a small amount in excess of its present holding.

The local exporters are very much opposed to the Government, storing this cotton in European ports and mill centers. As far as I am able to learn this opposition is based on the fact that local merchants and

warehousers will receive nothing in the way of rent and commissions when sold if it is moved out of Egypt. It is a pure business proposition to them.

THE EGYPTIAN AND BRITISH VIEWS REGARDING COTTON GROWING IN THE GEZIRA

P. K. Norris,
Senior Marketing Specialist,
Cairo, Egypt.

June 16, 1931

Attached to this report is a copy of a circular issued to the shareholders of the Sudan Plantations Syndicate. The Syndicate officers explained in part the reason for the decline in the yield of the Sudan. The explanation of course, is disease. Mainly "Blackarm" and "Leaf Crinkle".

It is certain that the Plantations Syndicate will not pay a dividend this year.

There is also enclosed herewith an editorial from "Al Dias" a native newspaper of the Wafd political party. While it is the policy of this paper, to criticize the present administration, it is also true, doubtless, opinion expressed in this editorial is held by many prominent Egyptians. I think it is safe to say that the majority of the Egyptians believe that cotton growing efforts of the British in the Sudan is a failure. They like to believe this because at the present time, the Egyptian Administration of the Sudan is only a theory. The British control the entire Sudan and the joint administration of England and Egypt is a joke in practice.

The Egyptians have felt that any cotton produced in the Sudan would not only compete with Egyptian cotton in the market but would also require water that is now needed in the Delta of Egypt. They have opposed any further expansion of cotton growing areas or irrigation schemes on the ground that it would rob them of their water supply.

While the article in "Al Ahram" is somewhat exaggerated as to its facts regarding the present condition of the Sudan, I think it is entirely wrong regarding the trade between the British and the present Egyptian Government. I do not think that the English are willing to give up their efforts to grow cotton in the Sudan. However, I am of the opinion that certain interests are now carrying on negotiations of some kind with the Egyptian Government for the purchase of large quantities of Sudan grown cotton.

THE SUDAN PLANTATIONS SYNDICATE LIMITED

No.1, London Wall Buildings,
London, E.C.2.,
16th April, 1931.

CIRCULAR TO SHAREHOLDERS

Dear Sir (or Madam),

Your Board considers that advance information regarding your Company's operations should now be communicated to Shareholders, without waiting for the Annual General Meeting which is usually held in November.

In the Gezira, Cotton picked to date amounts to 200,736 kantars from an area of 175,413 feddans, against 274,000 kantars from an area of 153,385 feddans, at the same date last year.

As pickings are completed about the middle of May, it is evident that the final yield will be below that of last year and very much below the average. It is anticipated that it will be in the region of 1·3 kantars per feddan.

At Zeidab, the Syndicate's oldest cotton estate, where pickings have been completed, an excellent cotton crop has been picked and the unusually high yield of 4·56 kantars per feddan has been obtained.

In the Gezira the effect of the late heavy rains in October, mentioned at the Annual General Meeting, increased "Blackarm" to such an extent that the whole crop became involved and suffered heavily. This was followed by a severe attack of "Leaf Crinkle," which prevented any recovery in the cotton plants.

Cotton planted on new land adjacent to areas which showed signs of "Leaf Crinkle" infection last year suffered as much in reduction of yield as cotton planted on the Syndicate's oldest lands. This fact, taken in conjunction

with the good results obtained at Zeidab, which has been under cotton cultivation since 1906 and is free from both of these pests, is evidence that the low yield is not due to any deterioration of the soil.

In the past, in average years, and even in good years, the cotton crop in the Gezira has always suffered to some extent from the presence of "Blackarm," but its active period is usually followed by a recovery in the plant which counteracts the effect on the yield. "Leaf Crinkle," which is a virus disease, has been in evidence as a minor pest in various places for some years. Last year it was fairly general, but only in this season has its effect become serious.

Scientists on the Gezira Research Farm have this year discovered that the disease is carried and transmitted to the cotton plant by White Fly, but it has also been established that the White Fly does not carry the infection unless it has first been infected itself by feeding on plants infected with "Leaf Crinkle," so that the elimination of this main source of infection hasbecome a question of the greatest importance. It has been found that the Lubia crop, which is sown in August on cotton land after the cotton is cut out in May, is a source for the prolific propagation of White Fly, and that, in spite of all precautions, owing to the necessary irrigation required for the crop, a certain amount of the old cotton roots, some of which were infected with "Leaf Crinkle," germinate and sprout. White Fly, which are produced so abundantly on the Lubia, feed on these infected shoots and themselves become infected, with the result that when they migrate or are blown into the new season's cotton fields the disease rapidly spreads.

With a view to eliminating this possibility, the whole scheme of the Gezira crop rotation is being changed for next season's cotton crop, and the rotation which has been found so successful at Zeidab over many years is being adopted i.e., the cotton crop will be followed by two years of fallow, grain and other crops required by the cultivators being grown on lands set apart entirely for this purpose.

As the result of experiments carried out with cotton seed produced by plants infected with "Leaf Crinkle", it would seem that it does not reproduce the disease in the new plants, but to eliminate any possibility of seed being a carrier, all cotton seed which was held in the Gezira for sowing purposes has been exported and sold and new Sakellaridos cotton seed has been bought and imported from Egypt for the sowing of the coming season's cotton crop.

From the above it will be seen that all possible steps are being taken in order to prevent the recurrence of this season's unfavourable experiences. In last year's Balance Sheet stocks of cotton were valued at the prices ruling at the beginning of October. Since that date there has been a considerable fall in the price of cotton, with the result that sales effected since that date have in most cases been below this valuation, and these lower prices realised must of course be reflected in the results of the present year. Sales have been very slow, although recently more activity has been evident and fair lots have been disposed of.

To reduce working, production and overhead charges, the wages of native labour in the Sudan have been reduced considerably, and Directors' remuneration and salaries of all staffs in London and the Sudan have been reduced by 10 per cent. in the case of those with higher salaries, graded down to 4 per cent. in the case of those with lower salaries.

Whilst it is, of course, impossible at this date to forecast the final results for the year, it is obvious that no interim dividend can be declared, and in view of the reduced cotton and seed prices now ruling and the anticipated low yield of this season's crop in the Gezira, it is more than doubtful if any dividend will be earned.

Your Board considers that it would be most unwise to pay any dividend out of the Syndicate's reserves and that it will be in the best interests of shareholders under prevailing conditions, and in view of the present world-wide economic crisis, that all cash resources should be conserved to enable the Syndicate to complete its development programme, to finance the tenants to tide over these hard times, to finance the cotton stocks as yet unsold, and to provide for running expenses.

In dealing with the above-mentioned exceptional difficulties and in financing the tenants, the Syndicate is having the valuable assistance of the Sudan Government.

Yours faithfully,

L. Khan,

Secretary.

GOVERNMENT CROP REPORT

Vs

PRIVATE REPORTS

T. K. Norris
Senior Marketing Specialist,
Cairo, Egypt.

June 14, 1931.

While the Government keep reports stating, that growing conditions were favorable for cotton during May, the trade is inclined to discount the report somewhat. Cotton mill report, that they are receiving a larger number of complaints, of insects and pests that usual. The weather in the Delta, while not cold, has been cool and damp at nights. This is not considered good growing weather. In many sections, the crop is said to be late and small.

It is pointed out, that growers are not able this year to pay election authorities, used to fighting India. For that reason, the farmers will be happy if the infection increases.

All the cotton I have seen this year looks very good. The plants are of a fair size and most of the seed is in full blown. Fields are clean. It may be, that the view of the trade is due in part to the common practice of disagreeing with the Government, regardless of the conditions. While the Government reports are not always correct, they have the general seal of approval. However, many of the cotton firms in Egypt, feel that the Government should not make any form of crop reports.

THE
EXTENSION OF EGYPTIAN GOVERNMENT LOANS
OF
1930

P. K. Norris,
Senior Marketing Specialist
Cairo, Egypt.

June 11, 1931.

The Prime Minister who is also the Minister of Finance, announced yesterday that the Government would postpone the repayment of loans and money due to the Government, from the sale of Cotton Seed and commercial fertilizers, until next year. (This means until the new crop comes on.) He also stated, that the date for the payment of the unpaid 1930 land tax, would be extended to next year.

The Government has outstanding out of its 1930 business about L.E.577,000 ($2,538,000) of which L.E.200,000 ($1,000,000) is back land tax. The other L.E.307,000 ($921,000) is made up of the following items.

Sale of Cotton Seed L.E.47,000 ($235,000)

Sale of Commercial Fertilizer L.E.150,000 ($750,000)

Cash Loans to Growers L.E. 110,000 ($550,000)

It is not clear that the cash advance to the growers covers the unpaid balance on cotton marketing advances or includes only the loans made to cooperatives. It is thought, however, in view of the Government action in foreclosing on the cotton held by growers, that the

cotton loans are not included. In that case, the L.S.110,000 would only include the loans to cooperatives.

While the action in postponing the collection of these items, may be wise a political move on the part of the Government at this time, it will be of very little, if any, assistance to the farmer. He has no cash and no method of obtaining it. The only thing the Government could do, therefore, was to grant him an extension of time. In doing this, however, they are making more or less political capital of it.

THE

PROPOSED AGRICULTURAL BANK

OF

EGYPT.

F.C. Bonds
Senior Marketing Specialist.
Cairo, Egypt.
June 10, 1951.

June 10, 1931.

On November 18, 1930 the King signed a decree authorizing the Government to participate in the organization of an Agricultural Bank. (See report made Dec. 1, 1930) At that time it was stated the bank would be in operation and its funds available for the season of 1930-31. Since November however, the Government has had not only the economic condition but the political problem on its hands as well. From the Government's view point the latter was far more important. The political matters, however, received first consideration.

Now that the elections are over and the present Government has a clear bill of health it is able to turn more to matters of general interest. A few days ago the Council of Ministers approved a plan for the organization of the proposed Agricultural Bank. Under this plan, the Bank is to have a capital of not to exceed L.E. 1,000,000. one half to be taken by the Government and the other half by the banks doing business in Egypt. This includes both the Foreign and native owned banks.

Under decree Law No.[illegible] of 1930 the Government will appoint the Director or Manager and will guarantee a dividend

of not less than 5% on the capital stock held by the subscribing banks. It is stated in official circles that the bank will be opened in Cairo for business about July 1, 1931. It is a matter of political interest as to who the Government will name as Manager. It has been reported that Ahmed Abdel Rahim Pasha, the present Under Secretary of State for Finance will be named. However, it is doubtful that this man would be able to accept without leaving his Government position. This he would not care to do since the Egyptians look on a high Government position with much more favor than on a business position of equal or even higher salary. Ibe Pasha is considered by all who know him as one of the best men in the Ministry. He has taken the lead in many of the economic problems of the country and would no doubt make a very able manager.

Two other candidates discussed, are Mahmoud Shukry Pasha and Mohamed Shafik Pasha. Both these men are former Ministers but are in the good graces of the present Government.

From the outside it appears that the Agricultural Bank will open for business about July 1, 1931 but this is not assured. True to Egyptian fashion it may be several months yet before the doors are opened. The Bank if a success, will change the entire plan of financing the Egyptian farmer. The present small loans are made by village money-lenders who are often customers of the present private banks. Any plan that

will interfere with the business of the local money-lender would therefore, interfere with the business of the private banks.

For this reason, the banks may be slow to subscribe for the stock of the Agricultural Bank. It is reported that much political pressure has been exerted to keep the Government from making plans for the opening of the bank. Failing in this, it is felt that an effort will be made to kill its influence by selecting an incompetent Board of Directors or Managers. The whole question is a political one.

DIRECT SALE

of

EGYPTIAN COTTON

TO

RUSSIA

(CONFIDENTIAL REPORT)

F.M. Morris
Senior Marketing Specialist
Cairo, Egypt.

Feb 20, 1932

It is plain now that the Egyptian Government is making every effort to increase the demand for its cotton. With large stocks on hand and a law restricting the area of Sakel for the next three years it appears that the Government hopes to hold about a condition that will allow them to sell the present as well as the growing crop at a fair price if possible.

Last week the Government sold about 23,000 bales of its stocks to the Russian Government. This, in view of its announced policy of not selling from its holdings until after September 1, 1931, caused quite a bit of criticism. As a result of the reaction of the market the Government made a statement in which it was said that since Russia had not been an active buyer of Egyptian cotton, the Government did not consider Russia as an established market. The sales to Russia must therefore, be looked upon as a new outlet for Egyptian cotton, which was in line with the Government policy of finding new uses and outlets for its cotton. While this may have explained its action from a Government viewpoint, it did not satisfy the trade.

Protests came in so thick and fast that the Government announced that it would sell no more at the present, and that a quantity equal to the sales would be replaced from cotton which the Government is taking over by foreclosing advanced loans to growers. It was further stated, that the only reason for selling cotton held in storage was, that certain grades could not be obtained on the open market. Just how much of this the trade believed is not known. It appears that the Government has had to back up on its attempt to sell direct to Russia and that its explanation is not very satisfactory to the trade.

It is reported, that the real objection to the whole matter is not so much the amount sold but the fact that it was sold direct from Egypt to Russia and that the English firms of liver-sol did not get the usual commission.

The following cable regarding this matter was sent from Alexandria June 5, 1931.

"

Egyptian Government excludes sale of 27,000 bales cotton to Russia Government by statement of Prime Minister that Russia sales is not considered departure from the policy that cotton now held by Egyptian Government could not be sold prior to September. Stat Further states that cotton sold from the present stocks will be replaced by cotton coming into possession of Egyptian Government by foreclosing growers advances.

Morris.

EFFECT OF THE MEXICAN TARIFF ON LONG STAPLE COTTON

H. L. Ferris
Senior Cotton Specialist
Cairo, Egypt.

June 10, 1931

As reported some time ago (Memo 31 and April 16, 1931) the Egyptian Government is making plans for extending the sale of Egyptian cotton in Europe. The latest information is that Ahmed Abdel Wahab Pasha, Under-Secretary of State for the Ministry of Finance will sail from Alexandria, Thursday (June 11) for Paris where he will attend the meeting of the International Cotton Congress. In addition to attending this meeting, he will lay before the spinners of Europe a plan for increasing the use of Egyptian Cotton.

His program also calls for setting up an organization, to carry Egyptian Cotton propaganda into all the spinning centers of Europe. He is accompanied by Fahmy Wissa Sullman, Director of the Ministers' Cabinet.

The American Legation at Cairo, reported in one of its dispatches to the State Department a few days ago, that Mr. A.S. Pearse had been asked by the Egyptian Government to collect data and enlist the aid of American financiers in Egyptian cotton in an effort to reduce the tariff on long staple cotton. It is reported here, that after the meeting in Paris, Ahmed Abdel Wahab Pasha will visit the U. S. to assist in this matter.

I can not find out how they got it but the trade in Alexandria and the government officials in both the Ministry of Agriculture and the Ministry of Finance, have the knowledge that it has been in. In fact a correction in the tariff rate is like a dream all the tariff commission. This, they hope to do soon.

The question of tariff is a live one here. I have found it best to "lay off" of it as much as possible. For that reason and knowing the legislation was coming up with the cotton, I have not reported regarding it. I have felt that it was more political than agricultural.

The feeling among the trade here is that any tariff is unfair and unjust while the Government officials say feel the same, they cannot in view of the Egyptian tariff on wheat and barley take such a stand. They admit the right of a Government to assess a tariff but contend that the present rate on cotton is 40 to 75 per cent too high. They say, they hope to show this and that once the American Government will adjust the rate.

Mr. Abdel Wahab Pasha will probably arrive in the States about August 1st. Mr. Yorgos arrived in New York May 10.

IRRIGATION REPORT

of the
EGYPTIAN MINISTRY OF PUBLIC WORKS

for the period

April 21 to May 10, 1951

P. K. Morris
Senior Marketing Specialist
Cairo, Egypt
June 9, 1951

June 9, 1931.

The Irrigation Report for the period from April 21 to May 10, 1931 has just been released by the Ministry of Public Works. While the report states the supply was sufficient it admits it is low in both Upper and Lower Egypt.

The real summer water requirement comes during the month of June, July and August. With the present difficulties so early in the season it is not unreasonable to expect that crops at the extreme ends of the canals will suffer as the summer requirements become heavy.

The following is the full text of the report:

LOWER EGYPT:

Irrigation:

Summer rotations continued according to their fixed programmes. Though the water supply was small, yet it was sufficient to meet, but with some difficulties, the cultivation requirements. The circumstances necessitated the working of El Atf pumps during the period from April 23, up to May 15, 1931, at noon. Drainage condition was good on the whole.

UPPER EGYPT:

Irrigation:

Summer rotations continued. Owing to the decrease of the natural river supply below average, some difficulties were encountered in conveying water to canal tails, but were overcome.

Drainage condition was satisfactory.

COTTON GRADING REPORT

by the

EGYPTIAN MINISTRY OF AGRICULTURE

for

May 15 to May 30, 1971

F. L. Morris
Senior Marketing Specialist
Cairo, Egypt
June 9, 1971

June 9, 1931.

The Ministry of Agriculture in its Crop report for the last two weeks of May 1931 states that the water supply for cotton was ample and the crop has made usual progress except in the North end of the Delta. This section is reported late. It will be recalled that this is the area in which most of the Sakel is grown and in which the Sakel planted was restricted to 40 per cent of the land under crops.

The following is the complete text of the cotton report:

COTTON:

Weather conditions are considered favourable to growth during the second half of the month. Water is adequate with frequent resort to the use of lifting machines. The farms on the tails of canals in Gharbia, Kalubia, Giza and Assiut Provinces received compensation turns of watering. In no place did the crop suffer as a result of inadequacy of water.

Cotton Worm:

Egg-masses were noticed in small areas. The attack was slight in Sharkia and Gharbia Provinces. It was at once controlled.

Cut Worm:

Slight attacks appeared in a small area in Menufia and Giza. They were completely controlled, no damage being incurred by the infested plants.

Aphis:

Slight attacks took place in small areas in Kalubia, Behera, Sharkia and Kalubia provinces, which were successfully treated by means of spraying with nicotine sulphate.

Soreshin:

It infested some small areas, and was slight in Gharbia, Beni Suef and Fayum provinces.

Wilt:

It appeared first in some farms in Behera province.

Thrips: A slight attack was notice in a small area in Kalubalia province. It was successfully treated with nicotine sulphate.

Growth:

Favourable weather accelerated growth, and began to display a distinct effect on early-sown areas. It is noticed, however, that in the upper regions of the Delta, the plants are still smaller than normally. The formation of buds is general in early-sown areas in Upper Egypt. It started in the southern part of the Delta. Flowering was first noticed in the Ashmouni Gedid variety in Upper Egypt. Thinning is progressing in late-sown areas. Hoeing, watering and manuring are also progressing in early-sown and general areas.

June 1, 1931

Cairo, Egypt

During my visit to Khartoum in February last, the Director of the Sudan Department of Agriculture offered to furnish me with the season's final cotton yields. On May 20th, I telegraphed him asking for the yields by growing areas and today I received a reply as follows :

" Sakel Gezira 253000 Tokor 57000 Kassala 52000 Shambot Dueim 917 private estates 4000 American Irrigated 51000 rain 63300 (signed) Zirqa "

The latest published report of the Sudan crop is for March and gives the following yields compared to the present report.

Area;	March estimate Kantars	Reported May 20 Kantars	Reduction Kantars
GEZIRA	255.000	253.000	2.000
Tokar	70.000	57.000	13.000
Kassala	56.000	52.000	4.000
Dueim, Shambat	1.600	917	683
Private Estates	6.700	4.000	2.700
American Irrigated	51.135	51.000	135
American Grown	63.587	63.300	287
Total Sokel	599.306	572.917	26.463
Total American Upland	114.722	114.300	422
Total crop	514.162	487.217	26.885

Dear Sir,

During my visits to Blantyre in February last, the Director of the Water Department of Agriculture offered to provide me with the annual "Canal Water Yields" for May 20th. I telephoned (1) asking for the yields by morning train and today I received a reply as follows :-

"Canal Water 25000 Water 8000 Bundis 4000
Canal/ Water 217 yields without 4000 Bundies Irrigated from main 25000 (about) lines"

The latest published issue of the Nyasa Times is the March issue and gives the following yields received in the previous month.

Crop	Total authorised Water 20 Bundies	Actual Water Bundies
Sorghum	600,000	600,000
Maize	70,000	87,000
Groundnuts	50,000	62,000
Cassava	1,000	217
Vegetables	2,000	4,000
Sweetpotatoes Irrigated	81,200	82,000
Sugarcane Irrigated	81,000	84,000
Total Yields	845,200	920,000
Total Water Yields	121,000	114,000
Total Water	121,000	114,000

The Gezira area includes the crop of both the Sudan Plantation Syndicate and the Kassala Cotton Co. The first five areas listed grow Sakel, while other areas grow American Upland varieties. I am inclined to doubt the figures given in the telegram of May 20th was being final for the Sabalkadis area but believe they are final for all other areas. Based on the above telegram, I sent the following cable to Washington.

" Replying to my request for final yields Sudan Government reports as follows Gezira area 86000 Tokar 57000 Kassala 82000 Shambat 917 Private Estates 4000 American Irrigated 81000 rain grown 65300 figures in Kantars (signed) Morris."

The largest cotton growing area, the Gezira has made a very poor showing this year. The yield will be only about 1.3 Kantars per feddan. This is the lowest yield on record for this area. The following table gives the Feddan yield fo 1911 - 12 to date for the Gezira area.

Year.	Yield per Feddan Kantars	Year	Yield per Feddan Kantars
1911-12	5.32	1921-22	3.90
12-13	5.62	22-23	3.66
13-14	3.80	23-24	2.36
14-15	5.29	24-25	2.21
15-16	3.32	25-26	4.76
16-17	3.31	26-27	4.77
17-18	3.29	27-28	3.29
18-19	3.33	28-29	3.54
1919-20	3.26	29-30	3.33
20-21	3.27	30-31	1.30

Includes the Kassala Cotton Co. crop which is grown on

new land and is therefore has a higher feddan yield than the land of the S.P.S.

The reduction in the yield of the Gezira is no doubt due to the heavy rains last October, which brought on a serious attack of " Block Arm " while the crop was young and the " Leaf Curl " which attacked the crop later in the season.

The yields on the private mineten estates along the river, north of Khartoum have been fair. This has been pointed out as an argument, that the soil of the Gezira is not exhausted but that the low yields are due to a combination of unfortunate circumstances. They point out that the soil of the two areas is the same and that the north area has been producing cotton for a number of years with good feddan yields. They overlook the fact that the north area is American Upland Cotton and the Gezira Sakel. I think it is plain to most Agriculturists (the officers of the S.P.S. are engineers) that the S.P.S. must sooner or later changeto America Upland or at least give up the Sakel variety.

SUDAN COTTON

J. K. Morris
Senior Marketing Specialist
Cairo, Egypt.
June 1. 1931.

June 1, 1931

On my visit to the Sudan last February and March I was impressed with the efforts of the Government Officers an the Officers of the Sudan Plantation Syndicate to conceal their disappointment regarding the yields of the Gezira Cotton. At that time many of them refused to admit that the yield would be under the published estimate. When I pointed out that cotton with but two or three balls to the plant could not yield a very large crop they answered in a very polite way that the Sakel plant was very much different from the American Upland plant. They thought I was too low in my estimate of the crop when I said it would fall 20% or more under the published estimate. Very few men I met admitted that I was right.

The season has closed and the Final Report will show that the entire Sudan is very much under the early estimates and that my estimate of March while much below that of the Sudan Government was far too high.

The following is from the Sudan Herald of May 30, 1931 and expresses the views of the local business men regarding the outlook of cotton growing in the Sudan. It is doubtful if the officers of the Syndicate will be able to create as much enthusiasm among the local business men as was shown prior to the 1929-30

crop. While the Sudan Government Officials did not say it in just so many words they led me to believe that they think the Officers of the Syndicate are responsible in part for the low yields of the last two years.

The Sudan Herald clipping follows:

"The end of month will see the close of the 1930/1931 cotton season which has been one of the most disastrous on record, with the exception of Tokar where the final yields has exceeded the original estimates. There has been a considerable drop all round as compared with the 1929/1 30 crop, which again was by no means a bumper one. The Gezira area has been the most disappointing part of the whole show, as although the area under cotton this year has been increased by 20,000 feddans, the total yield will not exceed 255,000 kantars of 318 rogls as compared with 405,000 kantars last season; Tokar shows a yield of 60,000 kantars as compared with 60,000 kantars last season; Kassala District 57,000 kantars as against 83,000 whilst Sharbat and Private Estates will only produce a total of about 7,000 kantars as against 10,000 kantars last season.

In other words, in spite of the increased area the total yield of Sakellarides cotton from the Sudan this year will be in the neighbourhood of 397,000 kantars against 543,000 kantars last season. This is a most disappointing result as in addition to the low yield prices are much below the average, which makes it still more disastrous. Thevery best hopes of all have been placed in the Gezira and in the past those hopes were more than justified; but th two consecutive bad crops, the second worse than the first, and the uneconomical price at which raw cotton is sell makes one feel rather doubtful in ones mind about the future, and seeing that so much capital has been sunk in the Gezira Scheme and that the life of the country practically depends upon the results of the venture, one is bound to feel a bit alarmed at the situation.

We do not think however that we need view the present position, although we causing anxiety, with unnecessary alarm. Such setbacks are bound to happen in the life of a country, as they frequently happen in the life of a man, and we must have faith in the future. It has been proved beyond doubt that the Gezira can produce cotton--and good quality cotton too--and there is no reason why these temporary reverses should make anyone think that the money sunk in the Gezira Scheme has been ill-placed. There are many people in this country amongst the various communities who will seize the slightest pretext in order to belittle the efforts of those working for the development of the country, and although there may be certain good reasons not to be satisfied with the way the Government is tackling certain problems, still we think we must not be premature in our judgment.

There are also people who think we must not be premature in our judgment. There are also people who think that the disastrous results of the Gezira cotton crop are not due entirely to natural causes and that there has been something lacking in the supervision and management of the show, and also that inadequate financial support has been given to the native cultivators, which made it impossible for them to properly look after their cotton, as in the past. We are inclined to disagree with these views entirely, and we are satisfied that nothing that was humanly possible to do has been left undone. Mr. Alexander MacIntyre, the Chairman and Managing Director of the Syndicate, and his able Lieutenants, Mr. Leyath-Wright and Mr. Archdale, have given 20 years of their lives in the development of cotton growing in the Gezira and what they consider best and, with needs of the cultivators and the best means of growing cotton in the area is not worth knowing. They are best able to judge the requirements of the situation and we must leave them free to do what they consider best and, with the assistance of the various Government experts co-operating with them, to find the best means of bringing back to the Gezira the prosperity of the past and to improve the prospects of the future. Any amateur advice is entirely unnecessary, and we must all have full confidence in the efficiency and capabilities of the management of the Sudan Plantations Syndicate to meet the requirements of the situation.

SALE OF COTTON ON WHICH

THE

EGYPTIAN GOVERNMENT

HAS MADE

ADVANCE LOANS

TO

GROWERS.

P.K.Norris.
Senior Marketing Specialist.

Cairo. Egypt.

During the harvest season of 1930 - 31, the Egyptian Government advanced to cotton growers a loan based on the market value of the cotton. In most cases, this was equal to about 12 cents for Uppers and 15 cents for Sakel.

At the close of the picking season, the Government found that it had on hand, about 1.200.000 Kantars of cotton on which it had advanced more than the present market value. Most of the loans were for short periods. As they fell due they were extended with the hope that the market would advance and that the Government would be able to recover its loans. At the rise of the market in February, about 325.000 Kantars were sold. On May 10th, the Government started ginning the remainder (all loans were made on seed cotton ~~and were~~ which was stored in the seed). Ginning has been going on now for about 20 days and some of the cotton is arriving in Alexandria, where it is being sold. It is understood that the Government will sell all this cotton as fast as it is ginned, unless the owner will put up a margin.

The Alexandrian market has been weak for several months now and it will be quite a load on it if it has to absorb this quantity of cotton during the next two months. It is the aim of the Government to sell all the old stock before the new year,

which stars September Ist I93I. This sale must not be confused with the sale of the Stock held by the Government as a result of purchases made in an effort to hold prices during the season of I929.

With this cotton in sight, cotton men of Alexandria say the market can not hope to advance very much during the summer.

SETTLEMENT

OF

RUSSIAN COTTON

SALES.

P.K.Norris.
Senior Marketing Specialist
Cairo. Egypt.

May 20th, 1931.

About a year ago the Soviet Government sent an agent to Egypt to buy cotton.

The Egyptian Government, while having no diplomatic relations with the Soviet Government, allowed him to enter. The agent bought from ten different firms a little more than 45.000 Egyptian bales at $ 28. per Kantar. About I3.000 bales were delivered and paid for and about 32.000 bales are still in Alexandria. Since the cotton was sold, the price has dropped to about $I5 per Kantar and the Soviet Government refused to take delivery. The Egyptian and the Soviet Governments passed several notes regarding the matter, but no agreement was reached.

Last week, the Manager of the Stamboul Bank branch of the Soviet Bank came to Egypt and asked a charter to open a branch in Alexandria, to facilitate cotton purchases. He stated that the Branch would be operated by an entire Soviet staff. The Prime Minister said this was out of the question but that he could settle the old cotton question before he left the country.

After several days of discussion, the Russians agreed to take the cotton and pay for it at $28 per Kantar, delivery to be made in annual installments of 4.000 bales, one fourth of the price to be paid in cash and the remainder by drafts guaranteed by the Soviet Bank.

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SETTLEMENT

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P.K.Morris.
Senior Marketing Specialist
Cairo, Egypt.

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EXTENDING THE SALE OF EGYPTIAN COTTON IN CENTRAL EUROPE

P. K. Norris
Senior Marketing Specialist
Cairo, Egypt

April 15, 1931

April 15, 1931

The Egyptian Press announced on April 8th that the Egyptian Minister to Berlin, who is at present in Egypt, was working with Egyptian Government officials on a plan for the sale of cotton to German, Polish and Czecho Slovakian interests. The announcement stated that the general plan had been agreed upon, and that only the details were necessary to complete the transaction, and that large quantities of Government cotton would be disposed of through this agreement.

The announcement, in view of the Government's cotton policy, created quite a sensation in some circles. As a result of this, the Prime Minister announces this morning (April 15th) that the plan proposed by the Egyptian Minister to Germany was not interfering with the policy of the Egyptian Government regarding its cotton. The Prime Minister pointed out that the German negotiations were not necessarily in conflict with the policy of the Egyptian Government regarding the disposal of its cotton stocks. He further stated that one of the principal features of the present policy of the Government is to produce cotton at lower cost, and in greater quantity. This would necessitate finding new markets, and the sale of cotton to German,

Polish, Czecho Slovakian and Austrian interests was in keeping with the policy of extending the markets for Egyptian cotton. As a further effort to put this policy into effect, the Egyptian Minister to these countries was instructed to get in touch with the automobile tire manufacturing companies of Europe and to induce them to use Egyptian cotton. It is planned to establish centers in Europe for the circulation of propaganda for the use of Egyptian cotton, and these centers will have on exhibit samples of the various qualities of Egyptian cotton.

One of the problems involved in getting Egyptian cotton established in new spinning centers of Europe is the necessity of introducing new machinery, or changing the present type of machinery, as most of the European machinery is now set to handle shorter staple cotton. Another difficulty is the fact that Continental spinners are accustomed to buying stocks on credit. All these matters are being considered by the Egyptian Government, and it appears to be the intention of the Government to go as far as possible to overcome the present difficulties.

It will be recalled that a Report of the Committee organized to extend the use of Egyptian cotton was mailed several days ago. The Prime Minister is of the opinion that the outlook for the use of Egyptian cotton in central Europe is very healthy, and with an active organization backed up by the influence of the Ministers to the various spinning countries of Europe, it is hoped that the demand for Egyptian staples will increase.

Summary of Egypt's Economic Condition

By the President of the
British Chamber of Commerce
in Egypt.

P. K. Morris

Senior Marketing Specialist
Cairo, Egypt

Apr. 16, 1931

April 15, 1931

The following is a part of the speech of Mr. R. C. Martin, President of the British Chamber of Commerce in Egypt, delivered at the Annual Membership Meeting in Cairo on April 9th.

This organization has a membership of 621, and the Annual Budget is about L. E. 1,964. Branches are maintained in Alexandria and Port Said. The Chamber publishes a monthly journal and is very active in promoting U. K. trade in Egypt.

The following section of the speech deals with the economic conditions in Egypt:

It is an established practice of our Chamber that at its Annual Meeting the President should give a review of the outstanding economic and commercial features of the past year. In doing so this year we are reviewing what is probably the most critical year in the economic history of the world. In Egypt the year was an eventful one. First of all came the Treaty Negotiations which, in spite of the obvious desire of the British Government to solve the Anglo-Egyptian problem, came to nothing. Then followed Nahas Pasha's resignation and the formation of Sidky Pasha's Government, the riots in July which did a great deal of harm to trade as they shook the confidence of the importer in the stability of the country. Economically Egypt has passed through an exceedingly critical period. The outstanding features have been the fall in the price of cotton and consequent decrease in the value of exports; the revision of the tariff and the encouragement of local industries.

Egypt's Economic Position.

The outstanding feature of 1930 was the tremendous fall in prices of cotton; the highest prices for Sakel and Uppers were respectively $27. and $19-1/2, and the lowest at the end of the year were $13-1/4 and $10. which were less than those ruling in 1913-14, namely $30-1/2 and $17-1/4 To assist cultivators, and in an endeavor to maintain prices the Government has purchased about 3,000,000 kantars of cotton, or about 35% of an average Egyptian crop, most of which is still in the country. This large carry-over, together with the low price of the cotton that left the country, reduced the total value of exports to L E. 32,000,000., which is L E. 20,000,000. less than the 1929 figure of L E.52,000,000. Meanwhile the value of imports dropped by only L E. 8,500,000.(from 56,000,000. in 1929 to 47,500,000. in 1930) but these figures are misleading as they were swollen by abnormal speculative importations the first 2 months of the year in anticipation of increases in Customs Duties. In those two first months, import figures totaled nearly L E. 16,000,000. as against L E. 9,000,000. in the previous year. Since March the value each month was considerably less than the corresponding month of the previous year, the ten months showing a total of 31,500,000. against 47,000,000 in 1929,- a decrease of 15,500,000., giving for the year an adverse trade balance of no less than 15,500,000. The Government's holding of cotton even at today's price represents an asset which can add many millions of pounds to the total of exports over any convenient period. But even taking into consideration this fact, and allowing for abnormal value of imports no calculations can avoid showing a heavy adverse balance against Egypt.

Another striking fact is that whereas the total exports of the country valued only L E. 32,000,000. the Government's budget of expenditure, although reduced, was still 45,000,000. (or 35,000,000. excluding new works.) In the face of these figures, Egypt may be considered fortunate in that internally the country is assisted by excellent credit and banking facilities, and also that the exchange value of its currency is not affected by its adverse trade balance.

Tariff Revision.

Up to 1930 Egypt had in effect lived under the Tariff Regime imposed by Turkey; afterwards consolidated in commercial treaties between Egypt and other countries. The Customs Tariff had been entirely a revenue tariff, being,with a few exceptions, a general tax of 8% on imports and 1% on exports. With the end of this Regime, higher duties were introduced, not only to increase the Government's revenue, but also with the intention of protecting existing industries and the encouragement of new ones. I would say here that we objected to the general change in method adopted in

altering the tariff from an ad valorem to a specific basis. The Government, however, insisted on the change and in the results they are justified as the fall in values of imported articles would have meant a great fall in revenue had the ad valorem basis been maintained. However, our fears of the complications that would follow this radical change in methods are more than justified by burdensome complications forced upon merchants.

Industries.

The encouragement of the development of industries marks a new era in the history of Egypt. In early days Egypt was the corn producer of Europe, but the growing of cotton commercially, about a hundred years ago, has led to Egypt becoming Europe's cotton producer, providing about half the world's supply of long staple cotton; a development that has come within the memory of man. As in other agricultural countries, the Government has realized the danger of relying on the agricultural crop for its economic prosperity, and in Egypt there is also the necessity of providing for an increase of population beyond the figure which can be employed in agriculture.

Government Action.

In view of the critical economic position of the country, the Government has taken careful and vigorous action, realizing the necessity of stabilizing the country's finances, realizing the necessity of providing for the steady increasing population, and desiring also by sanitation, education, communications, etc. to raise the standard of living for the greater part of the population. They have considered the important necessities of increasing produce for home use and for export , decrease in expenditure on imports, and reduction in Government expenditure.

Cotton.

Realizing that cotton has become the basis of the economic life of the country , and that more cotton, cheaper cotton and better cotton is necessary, Government has carefully investigated such matters as reduction of costs, increase of yield,selection of types and limitation of areas.

Foodstuffs.

The Government is attempting to develop production of foodstuffs, with which policy naturally members of this Chamber are in the fullest sympathy, even though it may affect some of them adversely. We believe that the Government are alive to the example of other countries which, by imposing protective tariffs, have encouraged the planting of crops which, not being economically best for the country concerned, either increase the cost of food to the people or provide them with an inferior quality of foodstuffs, or both of these.

Exports.

As cotton forms more than 90% of Egypt's exports, search has been made for other possible exports. In an excellent note by the Minister of Finance on the 1931-32 Budget, reference is made to development of exports of industrial products manufactured in Egypt. Whether Egypt can improve its financial position in this way remains to be seen; but as the world crisis today is so largely due to the fact that one-half of the world cannot afford to buy what the other half of the world wishes to sell, and that every country protects itself from others by tariff walls, the prospect of Egypt becoming a large exporter of industrial products does not seem very hopeful. Moreover, the lack of raw materials and the lack of fuel in the country or other power beyond the waters of the Nile means that industries in Egypt must always be greatly handicapped. Moreover, the Government, faced with the necessity of reducing its expenditure, is in the unfortunate position of being unable to develop facilities for export. The port of Alexandria is an example where delays for 10 years in finding money for the necessary development of the harbor have already led to a decrease in valuable transit trade in certain goods and consequent growth in direct imports to other Mediterranean ports where facilities are better or have been created.

Industries.

With the Government's desire to develop industries again this Chamber is in the fullest sympathy, recognising the necessity for supplies of matters of first necessity and diminution in expenditure on imported goods. We trust, however, that the Government is fully alive to the danger of industrializing too quickly what has always been a purely agricultural country, a policy that has led to fatal results in very recent times in other countries. Moreover, it may be questioned whether any industry can economically exist only by protective tariffs or whether other forms of government subsidy can be economically sound; it has been suggested that for the foundation of sound industrial concerns the Government should protect or subsidize them only for a sufficiently long time to enable them to stand on their own foot, competing thereafter with other countries with natural advantages, in the way of labour conditions, cost of transport, etc. and available raw materials.

I believe I am right in saying that there is no case on record where protection of this sort has been diminished or abandoned, for Governments find it exceedingly difficult to abandon sources of revenue which have become established.

Cost of Living.

It cannot be denied that the increased tariffs have increased the cost of living in some directions, while in others they have

maintained costs although prices of commodities have fallen. It is unfortunate that where reduction of private expenditure is so necessary, the Government should have required larger revenue and be compelled to raise this by taxation on imports, which raises the cost of living, thus frustrating its own wishes.

Following an excellent report made by Abdel Wahab Pasha on the cost of living, the Government has decided to reduce, if possible, the excessive profits by retailers. This action, according to the local Press, is to take the form of compulsory marking of retail prices on all commodities of first necessity, which presumably will lead to control of such prices. There is little evidence that excessive profits are being made by retailers, and judging from experience in other countries it is doubtful whether this action of Government can have more effect than ordinary competition between sellers. Moreover, the machinery for necessary inspection is likely to be so costly as to counteract any benefits to the public. Indeed, where action has already been taken, the calling of meetings to decide what retail prices shall be has been the first step in forming syndicates of sellers who will act together, where hitherto they have competed, sometimes fiercely, in price-cutting.

Similarly the proposed forcible reduction in house rents must restrict investment in new buildings and lead to a lack of desire on the part of property owners to assist their tenants in the matter of repairs, maintenance, etc. quite apart from the fact that we view the Government's proposal with alarm as interfering with contractual rights and obligations.

Government Expenses.

The present Government has drastically reduced the Government Budget of expenditure which, like that of other Governments, is far higher than before the war. It would appear, however, that they will be compelled to make drastic reductions in internal expenditure to provide for the necessary development of new works for the assistance of cultivators, commerce and industries.

Details of Trade Figures.

It is usual to analyse the trade figures for the past year, but this for 1930 is difficult. As I have said, export figures are misleading on account of the large carry-over of cotton. Import figures also are deceptive, and, moreover, it is impossible to make detailed comparisons with the former years owing to the alterations

in categories of Customs returns for ten months of the year following the alteration from ad valorem to specific duties.

Imports.

The following figures are taken from the Finance Minister's Note on the Budget:-

Increases:

	1929	1930	Increase
	£ E.	£ E.	of:
Iron & Steel goods	863,178.	2,289,287.	1,500,000.
Timber	1,799,714.	1,879,803.	80,000.
Kerosene . . .	1,255,037.	1,483,245.	230,000.

Decreases:

	1929	1930	Decrease
	£ E.	£ E.	of:
Cotton goods ..	8,959,782.	5,636,309.	3,500,000.
Fertilizers	2,547,758.	2,419,189.	130,000.
Flour	2,921,203.	2,113.441.	810,000.
Coal	1,818,993.	1,523,691.	300,000.
Sugar	2,921.203.	1,513,362.	1,500,000.
Woollen goods ..	1,242,256.	562,891.	780,000.
Tobacco	1,173,329.	981,598.	190,000.
Cotton &silk goods	1,069,039.	869,653.	200,000.

British Trade.

Of the £ E. 8,500,000. decline in imports, the U.K. suffered £ E. 2,250,000. but our percentage of the total imports has risen 1% (from 21% to 22%, which is still far below the 30% that the U.K. had in 1913). Figures of imports from the British Empire have, however, fallen from £ 6,400,000. to £ 4,400,000. being 9% against 11% in 1929. This is largely due to a decrease in wheat and flour from Australia. The proportion of the exports to the United Kingdom, curiously enough, is only a decimal point in difference compared with 1929 (34.6 % against 34.7%) while exports to the British Empire have increased by about 2% of the whole. We are publishing in our Journal a detailed report on the cotton and cottonseed market for the year, and I need not worry you with further details now.

It is noticeable that exports to the United States dropped from 14-1/4% to 6%, as the result of the tariff raised in America against Egyptian Cotton; on the other hand, new markets have been found for Egyptian cotton in India for spinning finer yarns ~~EX~~ from the better quality cotton. Cotton seed exports declined by nearly a million pounds, England's share falling from 92½% to 43%.

The Future.

I know what you would like to hear from me - the economic crisis is so serious that you would surely like some prophecy from me as to what awaits us in the near future. Frankly, prophecy is impossible at this moment. Egypt is but a fraction, and a very small fraction, in the vast economic fabric of the world - this fabric has been torn by storms coming from many directions and the storms are still raging though there are some small signs of abatement. Until they abate, the crisis will continue and the effects will be felt. All that one can do in a storm is to walk warily and seek to protect what is immediately around one. But it is not the time when one can really do much planning on a large scale. Local relief and self-protection are almost the limit of one's activities on such occasions. Large scale progress must wait till the storm passes. Meanwhile I can assure you again that this Chamber is at your service to give you all the assistance in its power - and in return it asks for your support.

EGYPTIAN WATER SUPPLY

P. K. Morris
Senior Marketing Specialist
Cairo, Egypt
April 10, 1951

April 10, 1931

On April 7th I sent the following cable:

"Water supply causing alarm. stop. Egyptian Government order effective May first limiting use of water on certain lands of lower and middle Egypt. stop. Rice growing prohibited in effort to conserve water."

The above cable is the result of a Ministerial Order regarding the prohibiting of irrigation on "Charakis" Land (copy of the Decree attached). The outlook for the summer water supply of Egypt appears to be very serious. As a general rule, the Nile is much higher at this season of the year than at the present time. The fact that there is very little water available has caused the Government to issue this Order. The word "Charakis" means lands that are fallow. Usually these lands are planted to corn later in the season, but are watered from time to time while they are in the fallow state. This practice is prohibited after May 1st of this year.

It is stated by officials in the Ministry of Agriculture that an order restricting rice growing will be issued shortly. Rice is a crop that requires much water, and it is not uncommon to restrict its acreage in years of "low Nile". There are other measures of conserving the supply of water that may be used if conditions warrant. One of these is the period of watering. Under normal conditions water is allowed to be drawn

from the Canals for a period of 6 days, and then the Canals are closed for 12 days; then they are re-opened for another 6 days. At the present time the period of closing has been extended from 12 days to 15 days, and it is possible that this period may be extended to 18 days or 21 days, depending on the future developments.

While the water supply is low, it is not considered to be serious enough to reduce the present acreage of cotton and other Spring crops. Cotton in Upper Egypt is up and looking good, while the crop in Lower Egypt is either up or practically all planted. Every effort will be made by the Government to conserve its present supply of water.

Egyptian Government Ministry of Public Works

Ministerial Order No. 17 of 1931,

regarding the prohibiting of irrigation of "Charekis" Land

In view of Decrees issued on May 15, 1903, June 22, 1906 and April 27, 1913 on the subject of the prohibition of watering those lands known by the name of "Charekis" and on the proposition of the Under Secretary of State, the Minister of Public Works orders that:

(1) As from the first day of the month of May, 1931 and until a date which will be fixed later, it is forbidden to water Charekis lands and those reserved for the growing of maize and other plants of which the sowing is carried out in the same manner as that used for maize.

(2) The provisions of the foregoing article will be applicable to the provinces of Lower Egypt and those of Middle Egypt, with the exception of the Fayoum which possesses a special irrigation system.

(3) The following lands are excluded from the provisions of this order: Lands intended for the cultivation of rice in zones where that crop is authorized lands reserved for the cultivation of vegetables, cucurbitaceous plants, sesame and earth-nuts; lands watered by wells receiving their water from subterranean sources and having no communication with any canal; islands surrounded by water, and lands on the banks of canals connected with the water of the Nile and lands lying between the two banks of the Nile.

(4) All contraventions of these provisions will be punished by applications of the terms of the Decree published on May 15, 1903.

(5) The Under Secretary of State is charged with the execution of this order.

File

REMARKS BY

EGYPTIAN MINISTER OF FINANCE

REGARDING

1931-32 BUDGET

P. K. Norris

Senior Marketing Specialist

Cairo, Egypt

March 24, 1931.

March 24, 1931

Attached is a copy of a press report of the speech of the Minister of Finance, in which he outlines some of the items to be considered in the 1931-1932 budget. The portion enclosed deals exclusively with Egyptian exports, - primarily agricultural products - cotton making up the principal commodity exported. It will be noted that the statement is made that the American tariff has had a very bad effect on the Egyptian export of long staple cotton, and that an effort is being made to convince the American Government that the tariff is the wrong policy.

I think that the statistics cited in this note have not been released officially, and for that reason they may be of particular interest.

March 24, 1931

Copy of Press Report

In commenting upon the export and import figures, the Finance Minister's Note on the new Budget states that despite measures taken to protect local cereal industries, on account of low prices ruling abroad and the consequent flooding of Egyptian markets with low quality goods, 200,000 tons of wheat and maize flour were imported in 1930, to a value of about £2,000,000. Although a few kinds of flour are not produced in Egypt, the greater part of that imported could easily be produced locally. The Government is trying to foster the industry and has imposed customs duties, on a sliding scale, to that end. Perhaps those measures and also the steps being taken by the Ministry of Agriculture to improve local cereals may lead in the end to Egypt's meeting its own requirements. Although the quantity of timber imported fell during the period under review, the value of the imports increased. About the same quantity of coal was imported, although the price fell.

Regarding sugar, the Note states that the quantities imported have increased from 71,000 tons in 1928 to 98,000 tons in 1929 and to 130,000 tons last year. The increase in production and the low prices in certain countries, over and above the governmental assistance given in certain lands, are the main reasons for the flooding of Egyptian markets. In view of the fact that the consumption of sugar in Egypt is roughly 150,000 tons it was feared that the heavy imports would kill local industries and this led the Government to conclude its recent agreement with the Sucreries Company.

The fall in the quantities of tobacco imported was so drastic that the Government took great interest in the matter. It was found that the main reasons were (1) the decrease in the purchasing power of the nation, (2) the increase in the amounts received from China and Japan, and (3) the adulteration of tobacco after it had passed the customs. It is hoped that the endeavors which are now being taken to present such adulteration will be successful.

An examination of the monthly import movement shows that speculation was excessively rife in the month preceding the imposition of the new customs duties.

	1929 £. E.	1930 £ E.
January ...	4,793,369.	6,454,218.
February...	4,233,940.	9,439,424
March	4,267,871.	2,358,541.
April.....	4,941,057.	2,727,476.
May	4,290,575.	2,771.837.
June	4,016,737.	3,040.431.
July	4,375,751.	3,022,671.
August	4,624,768.	3, 368.069.
September..	4,824,043.	3,735,566.
October ...	5,380,512.	3,811,545.
November ..	5,416,493.	3,330,645.
December...	5,111,792.	3,377,802.
Total..	56,274,912.	47,488.323.

Exports also fell, generally, as is shown by the following Table:

	1929 £ E.	1930 £ E.
Cotton	41,361,040.	23,783,474.
Cottonseed	2,610,010.	1,864,540.
Cotton cake ...	806,861.	906,831.
Rice	974,020.	632,697.
Onions	872,411.	540,259.
Cottonseed Oil.	471,420.	424,953.
Cigarettes	561,916.	312,279.
Phosphates.....	177,201.	258,139.
Eggs	320,350.	357,635.

From this table it will be seen that the fall in cotton in both quantity and value was large. The quantity of cotton exported in 1930 did not exceed 78 percent of 1929, and the value was only 57.5% of 1929's figure. This deficit had a very great effect on Egypt's foreign trade balance. An examination of the figures of the cotton exported to various countries will show that while cotton exports to the United Kingdom and the U.S.A. fell considerably, other countries are now consuming considerable quantities of Egyptian cotton. Although England is still

the largest purchaser of Egyptian cotton, the amount exported there in 1930 was only 1,919,000 kantars as compared to 2,607,000 kantars in 1929. This was due to the stagnation which attacked the cotton industry in Lancashire as the result of the closing of certain foreign markets, over and above general sladness of trade. The heavy tax imposed upon long staple cotton by the U.S.A. had a very bad effect upon Egyptian trade with that country and resulted in exports to America falling from 1,277,000 kantars in 1929 to 573,000 kantars last year. While this heavy tax gravely affected Egyptian trade, it also affected American industries, certain of which are unable to do without Egyptian cotton. It is hoped that the efforts which are now being made to convince the Government of the U.S. A. of the futility of this tax will be successful.

New Outlets for Egyptian Cotton: Amongst the other consumers of Egyptian cotton, Germany and Spain increased their imports, and several new markets were opened, notably India and China . The following table will show the extent of these countries' imports:

	1929	1930
	£ E	£ E.
Germany ...	438,000	578,000.
Spain	209,000	501,000.
India	6,800.	255,000.
China	13,000.	29,000.

It is the duty of exporters and those interested in cotton to do their best to retain and improve these new markets.

Although the quantity of cotton seed exported was large, owing to a large crop, the value did not exceed 71.4 percent of that exported in 1929. The increase in cottonseed cake exports went on steadily and indicates that this industry can be made an important one. The fall in the value of the cigarette exports which has been noticed for the past few years, requires immediate attention. It is due to the competition of European factories which are run by the owners of Egyptian factories and sell what is described as a pure Egyptian cigarette. The phosphate industry continued to increase steadily. Although the number of eggs exported fell from 149,266,000 in 1929 to 98,267,000 it is hoped that the permission for increased exports this year will increase this industry.

Altogether there is no doubt that there is a very wide scope for Egyptian industries to be increased, and this can be attained by a careful study of foreign markets, improving and extending the commercial relations between Egypt and other countries, increasing the demand for commodities which can be best produced in Egypt, and also by the regulation of the relations with importing countries as regards export facilities, transport and the better selection of agents and representatives.

Shipping and Transit Trade: While referring to the question of Egypt's foreign trade, it is considered necessary to refer to two important considerations, (1) the transit trade, and (2) the movement in Egyptian ports.

The transit trade has suffered from considerable stagnation, as can be proved by the movement of goods in the bonded Stores. No doubt the world crisis had a bad effect on this, but the fall has now become so great that it has become necessary to take immediate steps to increase this section of Egypt's trade, especially as certain Mediterranean ports are making preparations to capture a great share of this business.

The average tonnage per month of ships calling at Egyptian ports was greater than in any previous year, despite the world crisis, which greatly affected the number of ships passing through the Suez Canal, the tonnage of which fell from 1,996,821 per month in 1929 to 1,875,711 last year. It is fortunate that the customs tariff was raised when tonnage was increasing, otherwise the revenues of the state would have suffered most considerably in their most important source. We wanted to discover what the customs receipts would have been had the customs tariff remained the same, and found that in the 8 months from May to December 1930 we would have obtained duties amounting to £ E. 5,585,000 instead of £ 7,705,000. The revenues from May to December are given below. In the first column is the category of duty, in the second the actual revenue collected, and in the third the revenue which would have been collected had the same imports been received but had the duties not been raised.

Import	£ 3,622,259.	£ 2,092,190.
Export	382,249.	176,690.
Tobacco	3,459,978.	3,075,500.
Excise	240,614.	243,614.
Total	7,705,100.	5,587,904.

ECONOMIC CONDITIONS IN THE SUDAN

P. K. Morris

Cairo, Egypt

March 24, 1931

March 24, 1931

The Anglo Egyptian Sudan is no exception when it comes to the present economic depression. Conditions are probably worse in the Sudan today than they have ever been at any time since the re-occupation by Kitchener. Trade is practically at a standstill. Only the bare necessities are being imported. Firms and large trading companies who in the past have made considerable money, are having financial difficulties, the equal of which have never been experienced before, and many of them are on the verge of bankruptcy.

The prices of all export products, most of which are agricultural, are below the cost of production. Many companies engaged in export have sustained heavy losses during the last twelve months. Others have heavy stocks on hand, and are unable to dispose of them at a price that will enable them to break even. All commercial concerns are reducing their overhead by eliminating clerks and other help.

While the private commercial concerns are in a bad way, the Government itself is facing grave financial difficultiea. The bulk of the Government income is from import and export duties, and from the sale of cotton. When the

income from these sources dropped, the Government found itself unable to meet its outstanding obligations. These obligations consist principally of the interest on outstanding bonds, the requirements of the Pension Fund, and the current operating expenses. An attempt is being made by the Government to curtail its current expenses, in the hope that conditions will improve and that they will receive some income from the sale of cotton (the Government being a partner in the production of large quantities of cotton). The funds necessary to pay the interest and retire the bonds on its indebtedness cannot be reduced, neither can the amount paid to its officials as pensions be reduced. These two items are more or less permanent. It is therefore working a considerable hardship on the present officials, and is reducing the efficiency of the Government. For example, a large number of the Agricultural Inspectors are being discontinued. These men have been considered necessary in the operation of the Government-Private irrigation schemes which contribute largely to the Government income. A reduction in this group of men undoubtedly will reduce the income of the Government to some extent at least. Railroad service is being changed, and in some cases trains are only being operated once a week, in an effort to economise. Another reduction is in the Sudan Defense Force, which is really the Police Force of the Sudan. With this organization scarcely large enough to maintain peace and order, it is

very doubtful whether Government efficiency can be maintained if a material reduction is made in this group. The matter of making the Government budget fit the income is a very difficult one.

The unemployment situation in the Sudan is also very acute. The Government has in past years, when incomes were good, encouraged young men to take courses in the Government schools and has placed them in large numbers in private and Government clerical positions. These young men are trained for clerical work, and now that they are being let out, they have nothing to do. They have been educated sufficiently so that they do not care to return to their native method of living, but are demanding a standard of living in keeping with their training. They are unable to find employment, and are thus unable to maintain their usual standard of living. Many of them are on contract for a period of years, and cannot be dismissed. This adds to the Government's problems.

While the general depression has affected all business organizations in the Sudan, it has probably affected the largest one the most. Of course it is understood that the largest business organization in the Sudan is the Sudan Plantation Syndicate, Ltd. While this organization is in no immediate financial difficulty, it is faced with the problem of disposing of a large quantity of carry-over cotton, and of adjusting its

expenditures to fit the lower acre yield and lower prices. It is also faced with the difficulty of instilling confidence, and a desire to work, into the natives. The native cultivator on the Syndicate land is by nature lazy. In years of good cotton prices he is content to farm just enough land to enable him to sell sufficient cotton to make a living. In years of poor prices and low yield - such as last year and this year, - he has been unable to secure the same amount of money from the same amount of land, and he has therefore assumed a sort of "don't care" or "What is the use?" attitude. When he could work and get enough money to carry him along for a time, he was willing to do so, but when his work brings him little or no return, he is inclined to fall back into his old habit of not working at all. This is one of the many problems of the Syndicate.

Until conditions in the outside world improve to a point where trade is again anxious to push out into the far regions of the earth, and is anxious to make some effort for business, the Sudan will be suffering from financial difficulties, over many of which they have no control. The Government itself will probably have to be helped by the Egyptian Government and the English Government, but it is understood that this source of aid will not be available until every possible dollar is cut from current expenses.

File

FINANCIAL STATEMENT

OF

SUDAN PLANTATION SYNDICATE, LTD

P. K. Morris

Cairo, Egypt

March 23, 1931

March 23, 1931

Attached is a copy of the Report to the Board of Directors of the Sudan Plantation Syndicate, Ltd. made on June 30, 1930. This is the latest Report made by the Syndicate. I have made no attempt to analyze it because there are several terms used that are particularly common to the English, and not being an Auditor I am not sure just what they mean.

I found that it was exceptionally hard to get a copy of this Report, but I hope that no one will ask me just how I obtained this copy. The Sudan Plantation Syndicate, and the Sudan Government have taken particular pains to see that only the financial affairs that are favorable, are released to the public. I was told that they had no figures to release at the present time regarding the cost of producing cotton in the Gezira, and that practically all the information they had in the way of expenses and incomes has already been released. They were very polite to me, but I understood that they were not putting out anything.

THE

SUDAN PLANTATIONS SYNDICATE

Ltd.

REPORT OF THE DIRECTORS

and

STATEMENT OF ACCOUNTS

June 30, 1930

To be presented to Shareholders at the Twenty-third Ordinary General Meeting, to be held at Winchester House, Old Broad Street, London, E.C. on Wednesday, the 12th day of November 1930, at 12 o'clock.

THE SUDAN PLANTATIONS SYNDICATE, LIMITED

Directors:

Alexander MacIntyre, Chairman and Managing Director
The Hon. Arthur M. Asquith, D.S.O.
(alternate H. Wooding)
Sir Bernard Eckstein, Bart.
J. A. Hutton
Lord Lovat, K. T.
Lieut-Col. E.H. Pollen, C.M.G.

Manager

H. Poynts-Wright

Bankers

National Bank of Egypt

Solicitors

Holmes, Son & Pott
Capel House, New Broad St. London, E.C. 2

Auditors

Cooper Brothers & Co. Chartered Accountants
14 George St. Mansion House, London E.C.4

Secretary

L. Bluen

Transfer Secretaries
A. Moir & Company

Offices
1 London Wall Buildings, London, E.C. 2

THE SUDAN PLANTATIONS SYNDICATE, LIMITED

- - - - -

Notice is hereby given that the Twenty-third Ordinary General Meeting of The Sudan Plantations Syndicate, Limited, will be held at Winchester House, Old Broad Street, London, E.C. on Wednesday, the 12th day of November, 1930 at 12 o'clock noon, for the following purposes:-

To receive and consider the Statement of Accounts and Balance Sheet to June 30th, 1930 and the Reports of the Directors and Auditors thereon;

To declare a Final Dividend;

To elect Directors;

To elect Auditors and to fix their remuneration;

To transact the other ordinary general business of the Syndicate.

The Transfer Books will be closed from the 3rd November to the 12th November, both days inclusive.

Dated 30th October, 1930

By Order of the Board,

L. Bluen
Secretary

1 London Wall Buildings
London, E.C. 2

THE SUDAN PLANTATIONS SYNDICATE, LIMITED

- - - - -

REPORT OF THE DIRECTORS

To be presented to the Share-holders at the Twenty-third Ordinary General Meeting, to be held at Winchester House, Old Broad St., London, E. C. on Wednesday, the 12th day of November, 1930 at 12 noon.

- - - - -

The Directors submit their Report, together with Balance Sheet and Profit and Loss Account, for the year ended 30th June, 1930, and the Auditors' Report.

The Issued Capital of the Syndicate remains unaltered at £ 2,250,000.

During the year Capital expenditure of about £230,000. was necessitated by the Development, Canalisation and equipment of the additional areas in the North of the Gezira, and by certain minor extensions and improvements at Zeidab. The financing of the Tenants and of the agricultural operations on the enlarged area entailed increased running expenditure, and less of our cotton had been sold at 30th June this year than last.

The above factors have combined to cause the diminution shown by our liquid assets, as compared with last year.

In the circular issued to shareholders on the 31st of May last, the unfavorable circumstances which brought about a considerable reduction in the average yield of cotton from our Gezira areas have already been fully explained. At Zeidab climatic conditions were favorable and a satisfactory crop was picked.

The subjoined table shows the areas under cotton and the crops produced, together with the corresponding figures for the previous season:

	1929		1930	
	Area in feddans:	Bales:	Area in feddans:	Bales:
GEZIRA...	151,351	108,287	158,585	71,385
ZEIDAB...	5,086	3,855	5,230	3,845

At the 30th June last 4,476 bales of Gezira cotton and 629 Zeidab bales had been disposed of. The average prices realised, although below those of last year, were satisfactory. The stocks have been entered in the Balance Sheet at a valuation based on actual market prices at the beginning of the present month for the whole crop, less cash received on account of sales to the 30th June last.

Good progress is being made with the development of the additional areas entrusted to our management in the North of the Gezira. During the current season the total area under cotton in the Gezira is 175,418 feddans, as compared with 158,585 feddans during the season 1929-1930

The plan attached to this Report shows the Syndicate's and the Kassala Cotton Company's Concession areas in the Gezira.

Kassala Cotton Company, Limited:-

The Kassala Cotton Company has completed itsfirst cultivating season in the Gezira, and a satisfactory cotton crop, averaging 4.45 kantars per feddan, was obtained from an area of 15,100 feddans planted under cotton.

The Sudan Government have agreed to the Company taking in an additional area of about 15,000 feddans, so that its whole Concession area now amounts to approximately 61,500 feddans of cultivable land.

About one-third of this area - 20,600 feddans, is now planted under cotton.

Parana Plantations, Limited:

The extension of the Sao Paulo-Parana Railway, which will serve the lands in which Parana Plantations, Limited, is interested, has proceeded rapidly, and the Railway has reached Kilo. 125. Arrangements have recently been made for the extension of the Railway from this point to Jatahy on the Tibagy River (Kilo. 186) which is about 22 kilometres from the boundary of the Company's land. Work on this section will be delayed pending the restoration of settled conditions in Brazil.

Notwithstanding the difficult conditions which have prevailed in Brazil during the past year, some sales of land have been effected on satisfactory terms.

Sudan Salt, Limited:

This Company has encountered great difficulty in making the evaporation pans watertight, owing to the nature of the soil. This will delay the production of salt, and will increase the capital outlay required.

PROFIT AND LOSS ACCOUNT

The Profit and Loss Account for the twelve months, after deduction of all outgoings, shows a net profit of . . . . . £ 227,346.13/10

which, added to the balance brought forward from last year, viz:..... £497,490. 8/2

Less payment made on account of Directors' percentage 12,885.12/9 484,604.15/ 5

brings the total credit to ... . £ 711,951. 9/ 5

Your Directors now recommend the declaration of a Final Dividend of 1s. per Share (equal to 5%) payable on Thursday, the 13th November, 1930 to Shareholders on the Register on the 1st of November, 1930 less Sudan Profits Tax at the rate of 1s. 5-7/8d in the £, and British Income Tax at the rate of 5s. 0-1/8d in the £, which, with the Interim Dividend paid in July last, will be equivalent to a Dividend for the year of 8s. per Share (equal to 10%)

Brought forward....£711,951. 9/3

This final Dividend amounting to £112500.-/-

together with the Interim Dividend of 112500.-/-

will absorb the sum of . . . . . £ 225,000. 0/0

Leaving a balance to be carried forward.. 486,951. 9/3

£ 711,951. 9/3

Your Directors greatly regret to report the death, on the 10th June 1930, of their nuchesteemed colleague and Deputy Chairman, Sir Frederick Eckstein, Bart., whose unceasing efforts in the interests of the Sudan and of this Company were so largely responsible for the successful development of the Gezira Plan as a vast cotton-growing area, with assured food crops for its inhabitants.

Lord Lovat, who retires in accordance with the Articles of Association, offers himself for re-election.

Lieut-Col. S. H. Pollen, C.M.G. and Sir Bernard Eckstein, Bart., retire by rotation, and, being eligible, offer themselves for re-election.

The Auditors, Messrs. Cooper Brothers & Co. retire, and offer themselves for re-election.

Dated 28th October 1930

By Order of the Board

L. Bluen,
Secretary

Note: 1 feddan equal to 1.038 acres

1 kantar unginned cotton equal to 312 lbs. (100 lbs. lint
(212 lbs. seed

1 kantar ginned cotton (lint) equal to 100 lbs.

THE SUDAN PLANTATIONS SYNDICATE, LIMITED

Balance Sheet, 30th June, 1930

DR.

TO SHARE CAPITAL -		
Authorised -		
2,500,000 Shares of £1. each....£	2500000. 0/ 0	
Issued -		
2,250,000 Shares of £1. each, fully paid ...		£2250000. 0/ 0
TO SHARE PREMIUM ACCOUNT		1690861.18/ 6
TO GEZIRA RESERVE ACCOUNT		225000. 0/0
TO GEZIRA SINKING & DEPRECIATION FUNDS:		
Heavy Farm Implements and Machinery Sinking Fund . . . . . £	79242. 9/ 1	
Ginning Factories Buildings Sinking Fund	17083.15/ 0	
Ginning Factories Machinery Repairs Fund	58006.15/ 3	
Seed Farm Depreciation Fund . .	760.13/ 3	
Seed Farm Reserve Fund	3139. 1/ 0	
Light Railway Sinking Fund . . .	17061.14/11	
	175294. 8/ 6	
General Buildings Depreciation Fund..	15880.14/ 0	191175. 2/ 6
TO LOAN FROM THE SUDAN GOVERNMENT secured by a Debenture creating a floating charge on the assets and undertaking of the Syndicate....		400000. 0/ 0
TO CREDITORS -		
London	74496. 1/10	
Sudan, including amounts payable in respect of Stock of Cotton, per contra	610986.16/ 0	685482.17/10
TO PROFIT & LOSS A/C as at June 30/29..	1059990. 8/ 2	
Deduct:		
Interim Divi. #24, paid 25th July, 1929 .....£	225000. -/-	
Final Dividend #25, paid 15th January, 1930.....	337500. -/-	
Directors' percentage, pursuant to Articles of Ass'n.	12885.12/ 9	
	575385.12/ 9	
	484604.15/ 5	
Profit for year ended 30th June, 1930, as per Profit and Loss Account	227346.13/10	711951. 9/ 5
		£6,153,871. 8/ 1

Balance Sheet 30th June 1930

CR.

BY ZEIDAB		
At cost less amounts written off:		
Land, Development & Canalisation...	£99491.12/ 2	
Pumping Installation	28900. 0/ 0	
Ginning Factory, Bldgs. & Furniture	27236.11/ 8	
Agricultural Implements	2000. 0/ 0	
Tugs, Barges and Boat	200. 0/ 0	£ 157828. 5/10
BY GEZIRA AREAS -		
At cost		
General Development	213112. 4/ 9	
Canalisation	277479. 2/ 5	
Ginning Factories, Buildings and Machinery	657756.12/ 0	
Light Railway	170298.18/ 2	
General Buildings	485821. 3/ 9	
Seed Farm Buildings	9001. 2/ 0	
At cost less amounts written off:		
Heavy Farm Implements and Machinery	233011. 2/ 1	
Electric Light and Water Installation, Motor Vehicles & Furniture	13168.14/ 8	2059648.19/10
BY SHARES IN A SUBSIDIARY COMPANY AT COST		
KASSALA COTTON CO. LTD -		
475,000 Ordinary Shares of 1s. each, fully paid	23750. 0/ 0	
250,000 6% Non-Cumulative Preference Shares of £ 1. each, fully paid	250000. 0/ 0	273750. 0/ 0
BY SHARES IN OTHER COMPANIES AT COST -		
CAMBUNY COFFEE & COTTON ESTATES, LTD		
10,000 8% Cumulative Participating Preference Shares of £ 1. each, fully paid	9750. 0/ 0	
PARANA PLANTATIONS, LTD.		
147,268 Ordinary Shares of £ 1. each, fully paid	147268. 0/ 0	
SUDAN SALT, LTD.		
33,900 Shares of £ 1. each, fully paid	32580. 0/ 0	189598. 0/ 0

(continued next page)

Balance Sheet 30th June 1930

CR.

BY STOCK OF COTTON AND COTTON SEED HELD BY AGENTS, AND IN TRANSIT, AT DIRECTORS' VALUATION, LESS AMOUNTS RECEIVED ON ACCOUNT OF SALES	£ 1266953. 1/ 9	
BY STOCKS, STORES AND BUILDING MATERIALS IN THE SUDAN, TAKEN AND CERTIFIED BY OFFICIALS OF THE COMPANY	245584.12/ 7	£ 1512538.14/ 4
BY DEBTORS		
London	23778.12/10	
Sudan	270823.17/ 6	294602.10/ 4
BY AMOUNT OWING BY A SUBSIDIARY COMPANY Kassala Cotton Company, Ltd.		29646. 5/ 1
BY BRITISH GOVERNMENT SECURITIES ...	£ 1003117.17/ 3	
BY BRITISH GOVERNMENT SECURITIES A/C Light Railway Sinking Fund	12826. 7/ 2	1015944. 4/ 5
BY CASH AT BANKERS, ON DEPOSIT AND IN HAND ..... London	563773.14/11	
Sudan	56741.15/ 4	620515.10/ 3
		£6,153,871. 8/ 1

Alex. MacIntyre
Lovat
} Directors

Report of the Auditors to the Members:

We have audited the above Balance Sheet with the London Books and with accounts received from the Sudan. We have obtained all the information and explanations we have required. In our opinion such Balance Sheet is properly drawn up so as to exhibit a true and correct view of the state of the Company's affairs according to the best of our information and the explanations given to us and as shown by the Books of the Company.

COOPER BROTHERS & CO. Auditors .
Chartered Accountants

London, 28th October 1930

SUDAN PLANTATIONS SYNDICATE, LIMITED

Profit and Loss Account

For the year ended 30th June, 1930

DR.

TO GENERAL EXPENSES, including Managing Director's and Directors' remuneration.		£ 186,931. 7/ 9
TO DIRECTORS' FEES		2,185. 7/ 2
Fees paid to Directors by a Subsidiary Company for the year ended 30th June, 1930, £ 1285.7/1		
TO CULTIVATION EXPENSES & TAXES, ZEIDAB		16,624.13/ 0
TO GENERAL BUILDINGS DEPRECIATION FUND (GEZIRA)		4,451. 9/ 3
TO AMOUNTS WRITTEN OFF:		
Pumping Installation, Zeidab	£2324.16/7	
Agricultural Implements and Machinery, Zeidab	498.19/6	
Ginning Factory, Zeidab	826.13/5	
Buildings, Zeidab	450. 0/0	
Furniture	279.17/11	
Bad Debts, Zeidab	109. 0/ 1	4,489. 7/ 6
TO BALANCE carried to Balance Sheet		227,546.15/10
		£ 442,006.18/ 6

CR.

BY COTTON AND OTHER PROFITS, RENTS, & BALANCE INTEREST ..	441,714.14/0
BY TRANSFER AND OTHER FEES	290. 4/6
	£ 442,006.18/6

Statement required by Section 126 of the Companies Act, 1929

The Kassala Cotton Co. Ltd. provided out of the carry-forward its loss for the year ended 31st December, 1929.

Alex. MacIntyre)
Lovat) Directors

RESTRICTION

OF

MAKELLARIDES ACREAGE

P. K. Morris

Cairo, Egypt

March 23, 1951

March 23, 1931

From time to time I have cabled regarding the restriction of Sakellarides acreage. On February 4th the Council of Ministers approved the plans for the restriction of the acreage, and the King signed the Decree on February 5th, a copy of which is attached to this Report. The restriction of the acreage to certain areas in the Delta for a period of 3 years is an attempt on the part of the Government to bring about an increase in the price of this variety of cotton. It is stated that the production of Sakellarides for the season of 1930 was something over 2,300,000 Kantars, and that the consumption requirements will not exceed 1,500,000 Kantars. It is the object of the Government to keep the production down to the requirements, if possible.

The opinion prevailing in Egypt, outside of official circles, is that this restriction will do very little good, and that it will do very little harm. It is pointed out by those who are opposed to any type of Government interference, that there are several varieties of cotton which are almost equal to Sakellarides in quality and that there is no attempt made to restrict the growing of these varieties. It is further stated that it is unfair to those who live outside of the area selected as being favorable

for the growth of Sakellarides to deprive them of the right to choose the variety they think best adapted to their conditions. However, this argument has very little force in Egypt because the Government dictates in practically everything, and the matter of personal liberty is almost unheard of.

The Minister of Agriculture has chosen the areas in the north section of the Delta in which Sakellarides has always shown the best results. The area in the zone, if the 40% restriction is not exceeded, will amount to 563,000 acres, and this is estimated to produce 1,500,000 Kantars.

I have talked to several Government officials, who state as their private opinion that the law cannot be enforced, but that conditions are such that this year the acreage will not exceed the 40% and that very few attempts will be made to plant Sakellarides outside of the district named. Just what it will be when conditions change, is hard to say, but they are of the opinion that the economic conditions in the country, - rather than the machinery of the Government - will be responsible for the reduction in acreage this year.

Note: This Report was delayed, due to my being away on the Sudan trip.

File

RESTRICTION

OF

SAKELLARIDES ACREAGE

P. K. Norris

Cairo, Egypt

March 23, 1931

March 23, 1931

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Note: This Report was delayed, due to my being away on the Sudan trip.

DECREE NO. 20 RESTRICTING ACREAGE OF SAKELLARIDES COTTON

We, Fouad 1st, King of Egypt
Considering our Rescript No. 70 of 1930

On the proposal of our Minister for Agriculture and the favorable advice of our Council of Ministers:

Decree:

Article 1 - It is prohibited to plant Sakellarides cotton outside of the zone north of the Delta, as designated in the annex hereto, and on the maps attached to the present law.

It is furthermore unlawful for any individual to plant Sakellarides cotton to an extent of over 40% on any land which he controls, - regardless of the ownership. In calculating the area, no account will be taken of waste land, whether cultivable or not. This 40% shall be exclusive of any land on which taxable property is constructed.

Article 2 - The definition Sakellarides includes the original variety of the said cotton, the Sakellarides of the State Domains, and all new varieties of Sakellarides which may be recognized as such by Ministerial order.

Article 3 - In arriving at the proportion of land to be planted to Sakellarides, there shall be taken into consideration all areas occupied by gutters, drains, dikes, railroads, paths and other improvements, as well as gardens, orchards, dwellings, stores and any other buildings.

Article 4 - The survey to determine the 40% of land for Sakellarides planting which is to be allowed any one individual, shall be made village by village. The planting of Sakellarides on any land in excess of the 40% thus determined, shall be considered unlawful.

However, if an individual has holdings of land in several adjacent districts, and wishes to centralize his planting of Sakellarides he may, by making the necessary arrangements with the Minister of Agriculture, exceed the 40% in a certain district chosen by him, provided the total acreage of Sakellarides does not exceed 40% of the said individual's holdings, all within the zone specified above.

Article 5 - If there is any infringement in connection with this Decree, the infringer, if present, will have an opportunity to make a verbal statement to the officials, failing which he will be officially notified of the infringement.

Article 6 - Failing an agreement within 8 days of the notification of infringement, the officials of the Ministry of the Interior will proceed, at the request of the Ministry of Agriculture, to destroy the disputed plantings, without penalty of prosecution. Such destruction will not take place, however, after June 30th.

Article 7 - If the dispute concerns the situation of the land, in reference to the authorized zone for Sakellarides, or the correctness of the measurements, the destruction of the disputed crop will not take place until after the Survey Department has verified the limits or the measurements. Such verification may take place in the presence of the infringer, or during his absence, after 3 days' written notice to him. The infringer may, at his own expense, employ an expert if desired.

Article 8 - In the cases provided for in the preceding article, the expense of verification and measurements will be borne by the infringer unless it is decided that there has been no infringement. These expenses are P.T. 100 if the dispute concerns the situation of the lands, and P.T. 0.5 per kirat (1/24th of one feddan) measured if the dispute concerns the correctness of the measurements. The cultivator will be allowed an overrun of 5%.

Article 9 - In connection with Article 6 and Article 7, in cases where the Survey Department's findings prove that the cultivator has exceeded the prescribed planting, and the crop has not been destroyed before July 1st, the cotton will be confiscated in favor of the State, without prejudice to the punishments applicable to the infringer.

Until the picking of the cotton, which will be undertaken by the Administration, the Administration will take whatever measures it deems necessary for the conservation of the crop, unless the infringer prefers to destroy the disputed cotton.

Article 10 - If the dispute concerns the variety of cotton, it will be submitted to experts under the conditions outlined hereunder.

Article 11 - The Minister of Agriculture will draw up each year, for each Governorate or Province, a list of cotton experts who are familiar with the conditions in the various districts. This list will be drawn up with the cooperation of the Alexandria General Produce Association, but if the Alexandria Association fails to cooperate within the time limit set by the Minister of Agriculture, the latter will proceed to make up the required list.

From this list, the cultivator whose crop is under dispute, will choose one expert. The Minister of Agriculture will delegate an expert from his technical officials. In case the two arbitrators fail to come to a decision, a third expert shall be selected from the list, by casting lots.

Article 12 - The request for arbitration must be presented within 8 days from the expiration of the period provided for in Article 6. It will mention the name of the expert chosen, and should be accompanied by a receipt showing the payment of the arbitration fees.

If these two conditions are not complied with, the request will be considered null and void.

Article 13 - In the event that the decision of the experts is favorable to the contestant, the survey expenses will be borne by the Administration, and the sum deposited by the contestant for this purpose will be refunded. The rates of survey expenses to be collected will be determined by an Order of the Minister of Agriculture.

Article 14 - If the request for a survey is presented when the cotton bolls are open, thus permitting the experts to determine the variety, the experts should render their decision at no later time than 8 days from the date of request for survey.

This period of time is increased to 15 days in the event that the two experts fail to come to an agreement, thus necessitating the selection of a third expert.

If the request for a survey is presented when the cotton bolls are not yet open, the above-mentioned time limits will not be operative until the date fixed by the experts for the survey.

If the experts do not render a decision within the time limits mentioned above, the dispute will be automatically cancelled, and the cultivator will be authorised to pick the disputed cotton.

Article 15 - In cases provided for in Paragraph 2 of Article 12, as well as in cases where the experts may reject the dispute, the provisions of Article 9 will be applicable.

Article 16 - Any infringement against the provisions of this law, or of any Ministerial Order issued in compliance with this law, will be punished by an imprisonment of not exceeding 7 days and by a fine of not exceeding P.T. 100. or by one of the two punishments only.

The same penalty will apply to any individual who knowingly holds - for any reason whatever - cotton grown in violation of this law.

In cases provided for by Articles 9 and 15, the judge will order the confiscation of the cotton in favor of the State.

Article 17 - The Inspectors, Assistant Inspectors, Agricultural Engineers and "moawens" of the Ministry of Agriculture, as well as any technical officials delegated by that Ministry, are invested, for the purpose of the enforcement of this law, with the powers of an officer of the judicial police.

They are, in consequence, authorized to visit any field, any public or private warehouse, and any ginning factory to supervise the enforcement of this law. These visits will not, however, extend to any place exclusively used as a dwelling place.

Article 18 - The Minister of Agriculture will issue any pertinent order for the execution of this law.

Article 19 - This law will remain in force for a period of three years, ending with the cotton season of 1933.

Article 20 - Our Ministers of the Interior, Finance and Agriculture are entrusted, each one in so far as concerned, with the execution of this law which will become effective from the date of its publication in the Journal Officiel.

Signed at Abdine Palace, Feb. 5, 1931

Annex to Decree No. 20 of Feb. 5, 1931

restricting the production of Sakellarides Cotton

The zone in which cultivation of Sakellarides Cotton is authorized is as follows:

1. Province of Behera:

(a) Districts of Damanhour, Abou Hommos and Mahmoudieh

(b) Districts of Kafr el Dawar, excepting that portion contiguous to Alexandria which is included between the Mahmoudieh Canal on the south; the shore of the Mediterranean Sea on the north and west; and, finally, on the east, a part, the agricultural road of the Abukir Society starting from the Cairo-Alexandria road, and, a part, the shore of the Mediterranean Sea.

(c) The district of Choubrakit except the part included between the Nile Branch and the canal Sahel Morcos

(d) The district of Itai el Baroud except the part comprised between the Nile Branch and the canal Sahel Morcos.

2. Province of Gharbieh:

(a) The districts of Foua, Dessouk, Kafr el Cheikh, Chebine and Talkha

(b) The part north of the district of Mehallah situated to the north of the Delta railway (line Kattour-Mehallah el Kobra) then to the north of the State Railway (line Mehallah-Samannoud)

3. Province of Dakahlieh:

(a) The districts of Mansourah, Faraskour, Dekernes and Manzalah

(b) The part north of the district of Simbellawein situated to the north of the State Railway (Line Zagazig-Mansoura.)

APPENDIX TO DECREE NO. 20

Temporary Restrictions on Sakellarides Cotton Seed

We, Fouad 1st, King of Egypt

Considering Our rescript No. 70 of 1930
Considering Decree No. 20 of 1931 restricting the cultivation of Sakellarides Cotton;
On the proposition of our Minister of Agriculture and the favorable advice of our Council of Ministers:

DECREE:

Article 1 - Our Minister of Agriculture will fix annually by Order the quantity of "tagaoui" seed required for the sowing of Sakellarides cotton.

Article 2 - It is prohibited to any person authorized to trade in cotton seed, to sell seed for the purpose of sowing Sakellarides cotton to persons other than those having a specific authorization from the Ministry of Agriculture, or to sell to them a quantity greater than that indicated in the authorization.
These permits will be delivered in the forms and under the conditions provided for by the Ministry of Agriculture.

Article 3 - In case of violation of the provisions of this law, the punishment provided for by Articles 13, 14 and 15 of Law No. 5 of 1926 on the control of cottonseed will be applicable.

Article 4 - This law will remain effective as long as Law No. 20 of 1931 restricting the cultivation of Sakellarides cotton, remains in force.

Article 5 - Our Minister for Agriculture is entrusted with the execution of this law, which will become effective from the date of its publication in the "Journal Official".

Signed at Abdine Palace, Feb. 5, 1931

COMMITTEE FOR ADVERTISING EGYPTIAN COTTON

P. K. Norris

Cairo, Egypt.

March 21, 1931.

March 21, 1931

I have just cabled the following:

"Committee representing Egyptian Agricultural Syndicate and General Produce Association being formed to extend use of Egyptian Cotton in Europe and America. Plans call for active program along this line."

It is too early to find out very much about this Committee or their program, but the press stated that the object was to promote the use of Egyptian Cotton, especially since the price is very favorable, and that there were a good many lines in which Egyptian cotton could be used to better advantage than other growths.

The Egyptian Agricultural Syndicate is a semi-political organization of wealthy land-owners who in the past have exerted a good deal of influence over the Government and who are largely responsible for the action of the Government in its attempts to stabilize the market. The General Produce Association, of course, is well known, and is the organization connected with the Exchange at Alexandria. It seems to be the impression that this Committee will form a program having to do with the uses of Egyptian Cotton in the "industrial centers". Just what is meant by the "industrial centers" is not clear, but

it probably means that offices will be opened in the spinning centers of Europe and America, and that the Committee will function through those offices.

Cairo, Egypt.

March 16, 1931

Mr. Asher Hobson,
Division of Foreign Agricultural Service,
U. S. Department of Agriculture,
Washington, D. C.

Dear Sir:-

Enclosed is a report regarding Egypt's Water Supply, which you may find of interest.

Yours truly,

P. K. Norris

Senior Marketing Specialist
Foreign Agricultural Service Division

PKN/B

WATER SUPPLY

P. K. Morris

Cairo, Egypt.

March 16, 1931

As everyone knows, Egypt is entirely dependent upon the water supplied from the Nile, for the growing of its crops. No crops dependent upon rain are grown in Egypt. It is not the object of this report to discuss the irrigation system of Egypt in detail, but merely to say that Upper Egypt is largely the old, basin type of irrigation, while Lower Egypt, - or the Delta section - is what is known as perennial irrigation. The water for the delta is held up during the Winter months by a series of dams and barrages between Cairo and Assuan, the largest one being at Assuan. When the Nile has a normal flow during the Fall and Winter months, sufficient water is stored at these dams to carry the crop of the Delta through the growing season.

In years past, - particularly in 1922, 1923 and 1924, the Nile was very low, and it was referred to as a "Low Nile" or "Poor Nile", and much of the crop area of the Delta suffered from lack of water. The season for 1931 thus far resembles that of 1922-23 and 1924, according to the irrigation experts. The Nile has been low all Winter, and as far up as Khartoum they have experienced a "poor Nile". While the dam at Assuan is full, or practically full, at the present time, the water required for the planting of the Spring crop is greater than that now coming into the dam. A good deal of anxiety is expressed by irrigation

officials regarding the supply when the full Summer demand is felt. At the present time the planting of cotton is in full away. It has been the custom in years of "good Nile" to water for six days and then close the ditches for six days. This year they are watering for six days and closing the ditches for fifteen days, which means that the supply is short and that they are very early in the season trying to conserve water. The prospects for a Summer shortage of water are real, and it is likely that unless the flood season begins in Abyssinia much earlier than usual, the growing of rice will be prohibited. (Rice is a large consumer of water, using much more than cotton, per feddan, and considered less important.) Ordinarily there is no restriction on the growing of rice because there is plenty of water, but with a shortage in view there is much discussion, and it is altogether possible that the Government will take steps to save the water supply for the cotton crop.

It is interesting to notice that the present condition is used as an argument for the construction of a dam on the White Nile south of Khartoum, at a point called Gebel Aulia. This work was started some years ago, but due to change in Governments it has never been carried to a completion. It has become more or less a political issue, and the present situation

enables the group advocating the construction of the dam, to bring the question to the front again. One of the interesting things about the Egyptians is their ability to turn all questions into political issues.

BOARTO COTTON

P. K. Norris

Brito, Egypt.

Mar. 14-1931

March 14, 1931

SCARTO COTTON

The grades of Egyptian Cotton are based on varieties, each variety having its particular grades. The cotton known commercially as Scarto covers a number of qualities of cotton below the recognized commercial grades. Scarto cotton is divided into 2 classifications - first, Sekkina, and second, Afritas. The quality called Sekkina is sub-divided into two classes - firsts and seconds. All of the cotton known as Scarto comes from the poor quality gathered in the field. In picking cotton, the Egyptians gather everything that appears to be cotton, - even opening the partly matured bolls and removing the short, immature fibres. Cotton that falls on the ground and is mixed with dirt and trash, and cotton damaged by the pink boll worm is separated in the field and is ginned separately. This cotton makes up the various qualities of Scarto.

There are no Linters produced in Egypt, in the sense that we produce linters. This is because of the nature of the cotton grown in Egypt; the lint comes off the seed very easily, and after the seed passes through the gin it is practically naked, so it is unnecessary to run it through a linter machine.

The average amount of Scarto cotton produced in Egypt is as follows: for Sakellarides it equals about 3% to 3½% of the crop, and for Uppers it equals about 5% to 6% of the crop. It is impossible to say just how much of each of the qualities of Scarto is produced, because it varies from year to year, depending on the activity of the pink boll worm.

The upper grade of Scarto, called Sekkina, is used for spinning but makes very poor cloth and is really not a commercial commodity. The lower grade, Afritas, is used for making felts, pads, and other uses similar to our Linters. The principal countries using this quality are Spain, Czecho-Slovakia, Germany and Great Britain.

The value of Scarto does not fluctuate as much as the commercial grades. At the present price, the best of it is worth about $5.00 per kantar. The export figures for Egypt include all kinds of cotton, therefore the Scarto is included in the export figures.

I understand that the amount of Scarto is decreasing each year, due to better methods of handling cotton in the field, and also due to better ginning.

Cairo, Egypt

March 13, 1931

Mr. Asher Hobson,
Foreign Agricultural Service Division,
U. S. Department of Agriculture,
Washington, D. C.

Dear Mr. Hobson:-

Enclosed is a copy of Preliminary Report on the Irrigated Cottons of the Sudan. I am planning to furnish you with short Preliminary Reports on various topics in connection with the Sudan crop, which will be forwarded within the next few days.

Yours truly,

P. K. Norris
Senior Marketing Specialist
Foreign Agricultural Service Division

PKN/B

PRELIMINARY REPORT ON

estimated yield

of

Irrigated Cotton in the Sudan.

P. K. Norris

Cairo, Egypt

March 13, 1931

While at Port Sudan on February 25th I cabled as follows:

> "Gezira cotton very poor, published estimates 20% high. Other Sudan growths may reach estimate. Address Cairo after March 6th "

This cable was based on my observations during a week's tour in the Gezira. The published estimate referred to, is found in the Monthly Report of the Central Economic Board of the Sudan Government for October 1930, the figure being 593,220 Kantars for the Gezira.

The other growths referred to include the irrigated cottons of the pumping station schemes north of Khartoum, the rain-grown cottons of the Southern Provinces, and the flood-area crop around Kassala and Tokar. While all these areas are suffering more or less from two diseases, viz: "leaf curl" and "black arm", the Gezira is by far in the worst condition.

The variety grown is the Egyptian Sakellarides. I was very much surprised to find the plants of the Gezira crop very tall and slender in appearance, with little or no fruiting branches. Black arm has destroyed the leaves and branches half-way up the plants. The crop will be what we

in America call a "top crop" and will not exceed ~~1-3/4~~ 2 3/4 Kantars per acre.

The Plantation Syndicate and the Sudan Government officials are very much worried over crop conditions. Of course the low price is partly responsible for their anxiety, but the fact that the feddan yield has been falling off each year is causing a good deal of worry. The disease known as black arm is of long standing in the Gezira, but the "leaf curl" is new and wide-spread.

Next to the Gezira in importance, probably, is the Tokar area where about 60,000 feddans are under cotton and will probably produce 45,000 Kantars. This area is also infested with leaf curl, and it is impossible to tell the extent of damage at this time.

The third largest cotton-growing area is around Kassala, where about 38,000 feddans are under cotton, and here the yield will not exceed ~~40,000~~ 50,000 to ~~42,000~~ 55,000 Kantars. These three areas make up the bulk of the cotton crop of the Sudan. Grouping the three together, I estimate the total yield will not exceed ~~450,000~~ 570,000 Kantars.

The economic conditions in the Sudan are very bad. A large percentage of the Government's revenue comes

from the sale of cotton, and with the poor yield and the low price, this income is much smaller than usual. From the standpoint of the Sudan Plantation Syndicate, the drop in price is not as serious as the drop in yield. The Syndicate is prepared to weather the price fluctuations, but it is not prepared to cope with the diseases which are attacking the crop.

in America call a "top crop" and will not exceed 2-3/4 Kantars per acre.

The Plantation Syndicate and the Sudan Government officials are very much worried over crop conditions. Of course the low price is partly responsible for their anxiety, but the fact that the feddan yield has been falling off each year is causing a good deal of worry. The disease known as black arm is of long standing in the Gezira, but the "leaf curl" is new and wide-spread.

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The third largest cotton-growing area is around Kassala, where about 38,000 feddans are under cotton, and here the yield will not exceed 50,000 to 55,000 Kantars. These three areas make up the bulk of the cotton crop of the Sudan. Grouping the three together, I estimate the total yield will not exceed 572,000 Kantars.

The economic conditions in the Sudan are very bad. A large percentage of the Government's revenue comes

CROP CONDITIONS

IN

EGYPT

For the month

of

January, 1931

P. K. Norris

Cairo, Egypt

Feb. 18, 1931

CONDITION OF CROPS IN EGYPT

Rain favorable to grain crop.

Preparations for cotton crop.

The following is the Ministry of Agriculture's bulletin on the state and prospects of crops for the month of January 1931, which has been summarized from reports by the Ministry's Inspectors.

Cotton: Ploughing of fallow land consigned to the cotton crop is in progress. Some areas of catch crop bersim are also being ploughed. In Middle Egypt and the Southern part of the Delta, farm-yard manure is administrated to the land prior to the first ploughing in preparation for the sowing of the crop.

Wheat: Weather conditions - Favorable to growth. The rain which fell during the month in Lower Egypt had a favorable effect on growth. Frost, however, affected the leaves of some of the areas, which had not been manured ere the drought, and watering same by means of artesian wells are in progress. The plants have benefitted by the rain - particularly those which had not been watered before the winter closures. The growth of late-sown areas is making slow progress owing to cold weather and delay in sowing. Flowering has started in some early-sown areas in Fayum Province. Pests: Chlorosis has been seen in small areas in Beheira, Menufia, Beni-Suef and Minia Provinces. The attacked plants have been somewhat affected. Attacks by the cut-worm in Beni-Suef and Assiut, and by the smut in Fayoum, have occurred in a slight measure causing no appreciable damage to the crop.

Barley:- Weather conditions - favorable to growth. The rain which fell during the month in Lower Egypt accelerated the growth, especially in areas which had not been watered before the drought. Growth: progressed a good deal. Manuring some late-sown areas with nitrogenous manures was carried on. These areas were watered with artesian wells. Tops of plants in some late-sown areas were affected by frost. Flowering started in early-sown areas in Fayum. Pests: Slight attacks of aphis were seen in a small area in Fayum, and slight attacks of smut were noticed in Assiut. No appreciable damage, however, occurred.

Beans: Weather conditions: favorable to growth and flowering. Rain and winds during the month caused the fall of some of the flowers in a slight measure in Lower Egypt. Growth: Satisfactory. The fruits have completely formed in all areas, as a whole. In late-sown areas, plants are still in the growth and flowering stage. Some fruits are supplied to markets for local consumption. Watering of some areas where artesian wells are available, is carried on. Harvesting of some of the early-sown areas is expected to take place in the course of next month in Assuan Province where the crop is in the course of maturing. Pests: Slight but wide-spread attacks by broom-rape were noticed in some areas. Slight attacks by aphis were also seen in Sharkia, Beni-Suef, Fayoum, Minia and Assiut provinces. The major part of the attacked areas were successfully treated with nicotine sulphate. Attacks by a disease causing withering were noticed in certain small areas in Giza and Kena provinces. These affected some of the attacked plants.

Bersim:- Weather conditions: favorable. The crop benefited by the rain which fell during the month in Lower Egypt. Growth: growth was favorable. Severe cold, on some days, delayed growth a little, particularly in late-sown areas. The taking of the first cutting is on the whole progressing, as also that of the second cutting in early-sown areas in Lower Egypt and in basin lands in Upper Egypt. The taking of the third cutting, however, has been started in early-sown areas in project lands. Areas of catch-crop bersim are ploughed as a preparation for cotton sowing. Pests: Slight attacks by dodder were seen in small areas in Beni Suef and Fayum provinces. No appreciable damage, however, occurred to the crop.

Helba: Weather conditions: favorable to growth. Rain which fell during the month accelerated growth. Formation of pods and seeds started in early-sown areas. Flowering became general in all other areas. Some areas are cut for local consumption. Pests: Attacks by aphis were noticed in scattered areas in Beni Suef, Fayum, Minia and Assiut. Some of these areas were successfully treated by spraying with nicotine sulphate.

Lentils: Weather conditions, favorable to growth. Growth and Flowering: growth satisfactory. Formation of fruits started in early-sown areas. The crop is on the whole in the flowering stage. Plants, late in attaining their full growth, are progressing well. Harvesting is expected to start about the

end of next month in early-sown areas in Assuan province where the crop was in the course of maturity. Pests: A slight attack by a disease causing withering was noticed, but it caused no appreciable damage to the crop.

Onions: Weather conditions: favorable to growth of the crop. Growth: Growth of plants is progressing satisfactorily. Hoeing and weeding are carried on. Formation of bulbs is progressing in early-sown areas. Some areas were uprooted before the maturity of the crop and were supplied to the markets for local consumption. Marketing of the early-sown crop is expected to take place next month. Pests: A slight attack by mildew was noticed in a certain area in Girga but caused no damage to the crop.

Flax: Weather conditions: favorable to growth. Growth: satisfactory. Manuring some areas with nitrogenous manures, watering from artesian wells and weeding are all in progress. Flowering started in early-sown areas. Pests: none seen

Sugar Cane:- Weather conditions: Weather was warmer than usual and therefore favorable to maturity of crop. Maturity and harvesting: The crop has completely matured and is being cut for supply to sugar factories where it is squeezed. Extraction of molasses by means of native squeezers is in progress. Preparation of land for the oncoming crop is going on. Yield per feddan is above the average by 2%. Pests: Slight attacks by stem-borer have been noticed in Kaliubia, Sharkia, Beni Suef, Minia, Assiut and Girga provinces. Sugar cane mealy-bug appeared in a slight measure in Fayum, Minia and Girga provinces, and caused no appreciable damage to the crop.

State of Irrigation

The following report on the state of irrigation from Dec. 21 to Jan. 20 has been received from the Ministry of Public Works.

Lower Egypt: Irrigation: At the commencement of this period, sufficient water was given to meet the cultivation requirements before the winter closure for which all canals were completely closed on Dec. 30, 1930. Drainage: Drainage condition was satisfactory.

Upper Egypt:- Irrigation: Owing to winter closure, all canals were completely closed during this period. Drainage: Drainage condition was good.

Cairo, Egypt

Feb. 16, 1931

Mr. Asher Hobson,
Foreign Agricultural Service Division,
U. S. Department of Agriculture,
Washington, D. C.

Dear Sir:-

Enclosed is a copy of an article published in the "Egyptian Gazette" in Cairo, February 6th, covering the results of the Joint Egyptian Cotton Committee's Meeting, which may prove of interest.

Yours truly,

P. K. Norris

Senior Marketing Specialist
Foreign Agricultural Service Division

P.S. Mr. Norris is still away in the Sudan country, but I am sure he would have forwarded this article to you for your information.

DECISIONS OF

JOINT EGYPTIAN COTTON COMMITTEE

at Cairo Meeting

Jan. 26--29, 1931

F. K. Norris

Cairo, Egypt

Feb. 16, 1931

Copy of Article from "Egyptian Gazette"

Cairo, Feb. 6, 1931

JOINT EGYPTIAN COTTON COMMITTEE

Official Text of Decisions.

The following statement is officially issued regarding the resolutions passed by the Joint Egyptian Cotton Committee, which sat last week.

- - - - - -

Mixing of Varieties

The Committee reiterated as its considered opinion that the cotton industry objects strongly to any mixing of varieties of Egyptian cotton before it reaches the spinning mills.

The spinners appreciate the efforts of the Egyptian Government in endeavoring to put an end to mixing by legislation which they hope to see put into force as soon as possible for the benefit of all interested in Egyptian Cotton.

Government Cotton Policy

This meeting thanks the Egyptian Government for its formal declaration of its cotton policy, particularly for the assurance that it will not intervene in the cotton markets, and that as regards the disposal of the existing Government stocks of cotton it does not intend to sell annually more than 500,000 kantars actual cotton from the stocks, in small quantities, within short periods commencing at the end of the present season.

Standardization of Types

The spinners cannot accept the compulsory introduction of standard types, but they consider that advantages would accrue from their preparation. If the standard types thus prepared were offered they might ultimately prove acceptable to the industry.

Extending Use of Egyptian Cotton

This meeting pledges itself to use every legitimate means for the extension of the use of Egyptian Cotton.

Foreign Matter in Egyptian Cotton

This meeting unanimously recommends that greater care be exercised in the Pressing Establishments at Alexandria in this matter, and that at each "farfara" one man should be specially entrusted to supervise the elimination of foreign matter.

Moisture in Egyptian Cotton

It is hereby agreed that the degree of humidity which cotton should contain is 8.5% regain, with a tolerance of .4% up and down, - i.e. that all humidity above 8.9% must be paid for by the exporter to the spinner, whilst if the cotton contains less than 8.1% moisture, the difference will be refunded by the spinner to the exporter. There is no allowance to be made by either party if the moisture in cotton is between 8.1% and 8.9%

There will be established immediately in Alexandria a Testing House which will be supervised by the Government and the exporters and spinners may appoint each a delegate.

Parties will be free to arrange whether samples drawn for testing shall be taken in Alexandria or the port of disembarkation, or the mill, but in every case the samples will be drawn by an expert belonging to an official testing house, and the tests will be made in an official testing house and a certificate issued to buyer and seller of the result. Representatives of both parties shall have the right to be present when samples are taken.

Weights to be taken at time of drawing. This agreement is valid for one year as from September 1, 1931.

Sale of Government Cotton Stocks

In reply to the President's request for opinion as to the best means of disposing of the Government stocks, we, the duly appointed delegates of the cotton industry attending this meeting, suggest to the Government that the daily sales of 200 to 300 bales of the Government Cotton Stocks would be a safe means of least disturbing the cotton markets. By carrying out this plan to the letter, the Government would be sure

to receive the true average price of the seasons for all its stocks, it would render speculation with this cotton impossible, and thus it would restore the confidence of the cotton industry in Egyptian Cotton.

Developments at

Cairo Meeting

of

Egyptian Committee, Master Cotton-spinners' Federation

and

Egyptian Government Officials.

P. K. Norris

Cairo, Egypt.

Feb. 10/31

[illegible] at his request - later returned

January 29, 1931

The Egyptian Committee of the International Federation of Master Cotton-spinners began their meetings with the Egyptian Government officials Tuesday morning. They held a session Tuesday and Wednesday, and are holding one today. This will be the last session. On Tuesday, the subject of the Egyptian Cotton policy was discussed. On Wednesday the subject of humidity was taken up, and today I understand they will discuss the question of the proposed Government Standards for Egyptian Cotton. There has been quite a good deal of discussion of this question during the last few months.

Yesterday morning I met Mr. Arno S. Pearse, who told me that the Committee at the Monday meeting had recommended to the Egyptian Government that they sell a certain quantity of their stocks held at Alexandria daily, beginning at the close of the present season. He was of the opinion that the Egyptian Government would follow this policy and dispose of its cotton in small quantities each day, over a period of about a year. Mr. Pearse added that while this was not for publication, it would no doubt be announced shortly.

There continue to be rumors as to what disposition

the Government will make of this Cotton. The latest one seems to be that the Egyptian Government is negotiating with the Russian Government for the exchange of cotton for lumber, railroad ties and petroleum. There is no foundation for this report, so far as I am able to find out, but it is certainly causing some excitement in some quarters of the market. Cotton merchants are all agreed that the uncertainty as to what the Government will do, is a very important factor in the present market. It is very unlikely that the Egyptian market will show much improvement for some time to come.

Developments at

Cairo Meeting

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Egyptian Committee, Federation of Master Cotton-spinners

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P. K. Norris

Cairo, Egypt

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January 29, 1931

The Egyptian Committee of the International Federation of Master Cotton-spinners began their meetings with the Egyptian Government officials Tuesday morning. They held a session on Tuesday and Wednesday, and are holding one today. This will be the last session. On Tuesday the subject of the Egyptian Cotton Policy was discussed. On Wednesday the subject of the humidity was taken up, and today I understand they will discuss the question of the proposed Government Standards for Egyptian cotton. There has been quite a good deal of discussion of this question during the last few months.

Yesterday morning I met Mr. Arno S. Pearse, and during the course of our conversation he told me that the Committee at the Monday meeting had recommended to the Egyptian Government that they sell daily, beginning at the close of the present season, a certain quantity of their stocks held at Alexandria. He was of the opinion that the Egyptian Government would follow this policy and dispose of its cotton in small quantities each day, over a period of about a year. Mr. Pearse added that while this was not for publication, it would no doubt be announced shortly.

There continue to be rumors as to what disposition

the Government will make of the cotton at Alexandria. The latest one seems to be that the Egyptian Government is negotiating with the Russian Government for the exchange of cotton for lumber, railroad ties and petroleum. There is no foundation for this report, so far as I am able to find, but it is certainly causing some excitement in some quarters of the market. Cotton merchants are all agreed that the uncertainty as to what the Government will do is a very important factor in the present market. It is very unlikely that the Egyptian market will show much improvement for some time to come.

Translation of Monthly Report No. 9

January 1931

issued by

Société Misr pour l'exportation du Coton

Alexandria, Egypt

P. K. Morris

Cairo, Egypt.

Jan. 23, 1931

Cotton Policy of the Government.

In our last Report we indicated that the Bourse authorities had, on the initiative of the Government, taken two measures to check the speculation and the tendency toward a decline. Of these two measures, the one requiring the seller to put up a deposit of several tallaris per kantar, has been kept in force. The other measure, which suspended the jobbers for 15 days, has been withdrawn and the jobbers have been operating since January 5th. Their resumption of activities has not especially changed the condition of the market, which continues very calm, with little business, but nevertheless a somewhat more confident tone seems to prevail.

There has been much criticism in commercial circles regarding this suspension of the jobbers, who are practically indispensable to ordinary business transactions, - even in normal times we must admit they are useful. It is possible that the importance of jobbers has been over-estimated recently. It is unthinkable that the destiny of the principal agricultural product of Egypt, which provides occupation and livelihood for millions of producers in our country, and millions of consumers abroad, should depend on about a hundred people who do nothing else, from 10:00 a.m. to 1:00 p.m. except sell goods which they have not produced, or buy goods which they cannot sell.

Since our last Report, the Government has considerably increased the import duty on cereals and sugar. This will tend to reduce the acreage of cotton, especially in Upper Egypt where sugar cane will probably be planted on a large scale, instead of cotton.

As for the Government's policy with regard to the sale of its stocks, this will be discussed at the coming meeting in Cairo, January 26, 27 and 28. There is a rumor that the Government will begin by selling, next season, about 500,000 kantars, and will distribute the sale of this total quantity over several years. As for the balance, if the Government were adopting the system of selling daily a small quantity, say 350 bales per day, it could get rid of (in the period of about a year) about 800,000 kantars without having

the market feel any serious consequences of such sales. However, once this policy were adopted, it would have to be adhered to, and they would have to sell regularly every day a fixed quantity, no matter what the price. In this way the Government would obtain an average price for the season. The market would become accustomed to such sales, and they would have no particular influence on prices.

There has been much discussion lately as to the tax and export duty with which our cotton is burdened, and the abolition of these charges has been advocated. All concerned, including the Government, admit that the charges are heavy, but it is impossible for the Government to lift this charge at present. Aside from fiscal reasons, it would be impracticable to cancel these charges in the middle of the season. Half the crop has already been sold, with these charges assessed, hence the unsold portion could not be exempted. In all justice, one must admit that the Government is making use of the taxes collected, in the interests of the cultivators themselves, thus giving them out of one hand, what they collected with the other.

Spot Market

Notwithstanding the stock of over 5,000,000 kantars officially claimed to be on hand, offerings of spot cotton on the Minet-el-Bassal market are not particularly abundant. As a matter of fact, the official figure of 5,000,000 kantars includes 3,000,000 kantars which are not for sale, thus leaving only 2,000,000 kantars marketable, which is nearly 1,000,000 kantars less than was available at a similar time last year.

Offerings of Sakellarides have moderated, as a result of indications that good prices will be procurable later on - it being anticipated that prices will be high enough to cover the cost of storage, insurance, and interest on the capital invested.

There is active demand for Achmouni and Zagora, and available supplies are cleaned up day by day. Specialties like Fouadi, Maarad, etc., are good buys, and are in good demand recently.

For some time past the spinners, for economical reasons, prefer to buy medium and low grade cotton, and the Egyptian growers have reduced the classification of their crops. On account of the heavy demand for lower grades, this inferior cotton is bringing somewhat higher prices than justified.

Review.

The market, since January 1st, has shown a somewhat more confident tone, but any appreciable improvement is out of the question unless the spinners become heavier buyers than at present.

Cotton exports, as compared with 1920, show a decrease to the United States and England, of 63,000 bales, but this is partly compensated by the fact that exports to India have increased, and that other foreign markets have consumed an average, or somewhat greater, amount of Egyptian cotton to substitute for American long-staple cotton.

Cairo, Egypt

January 21, 1931

Mr. Asher Hobson,
Foreign Agricultural Service Division,
United States Department of Agriculture,
Washington, D. C.

Dear Mr. Hobson:-

I have just cabled you as follows:

> "Egyptian Government announces that it will dissolve Board of Directors Cotton Exchange should speculators secure control of Exchange at annual election January 26th. Stop. Should Board of Directors be dissolved, Exchange will be operated by an Egyptian Government appointed Committee, as in 1914 "

I am enclosing herewith a written report on this incident. It is very likely that sooner or later the Egyptian Government will be obliged to take over the Alexandria Cotton Exchange. The members of that Exchange seem to be practicing some very bad tactics, and I am frank to say that it is the rottenest bunch I have ever come into contact with.

Yours truly,

P. K. Norris

Senior Marketing Specialist
Foreign Agricultural Service Division

PN/LB

Threat of Egyptian Government

regarding

Alexandria Cotton Exchange

P. E. Norris

Cairo, Egypt.

January 31, 1931

The Egyptian Government has again interfered with the operations of the Alexandria Cotton Exchange, known as the Royal Bourse. The present action may be considered more as an indirect method of interference than that of December 12th, when the jobbers were suspended for a 15-day period.

The present interference is in the form of a threat regarding the election of 3 members of the Board of Control of the Exchange. The Government announced through the Ministry of Finance that in event the speculative interests obtained control of the Board at the election to be held January 26th, the Government would immediately dissolve the Board and appoint a Committee who would operate the Exchange.

There is a good deal of bad feeling on the part of some of the members towards the Government, and there is a possibility that men of this group may be elected.

In order to understand this matter fully, it is necessary to review briefly the organization of the

Exchange. The present organization is an outgrowth of two groups of brokers who began operating in Alexandria about 1861. These two organizations were consolidated in 1889, and formed the present organization. They operated under their own rules and regulations until November 1909, when the Government passed a law regulating future transactions on the Exchange. Other Government decrees have been issued from time to time, until it may be said that the present Exchange is under the complete control of the Government. The Government has authority to suspend any broker or speculator, or group of brokers and speculators at any time they see fit. The membership is composed of two classes of dealers: the brokers, who are full members and who are the only ones admitted to the ring, and the adherent members, or what might be called Associate Members, who are allowed to operate only through a broker. Broker members are forbidden by the regulations to deal in anything except futures, and are therefore prohibited from dealing in spot cotton. It is necessary for an Associate Member who is really a spot cotton merchant, to deal through a broker. Membership seems to be open to anyone

who has the necessary capital, and is approved by the Board of Directors and the membership of the Exchange.

The 3 members to be elected on January 26th compose one-fourth of the present Board of Directors. 9 members of the Board are brokers and 3 are Associate Members; the Government has one member on the Board, who has authority to veto any decision made by the Board. In case a decision is vetoed, the matter is passed on to the Mixed Court Tribunal for settlement. In this way the Government exercises complete control over the affairs of the Exchange.

If the threat of the Government is carried out, a situation somewhat similar to that which existed in 1914 may be expected. In 1914 a group of brokers and speculators attempted to stableize prices. The Government held that this action was against the interests of Egyptian cotton, inasmuch as other markets of the world were open and free and were operating subject to the conditions brought about by the War, and that no interference on the part of brokers at Alexandria was justified. They asked the Exchange to drop its stableizing policy, but the request was refused. The Government therefore dissolved the Board

of Directors of the Exchange and placed all of its functions under the control of a Committee appointed by the Government. Such a movement, if put into practice today, would have far-reaching effects on the present market. It is very likely that it would be almost equal to closing the market, as many of the dealers would stop trading on the exchange, and spot merchants would hedge on other exchanges.

Cairo, Egypt

January 19, 1931

Mr. Asher Hobson,
Division of Foreign Agricultural Service,
Bureau of Agricultural Economics,
Washington, D. C.

Dear Mr. Hobson:-

The enclosed is an editorial on Egypt's new industries. The progress and effort along this line seem to be summed up very well, and for that reason I enclose a copy of the entire editorial.

Yours truly,

P. K. Norris

Senior Marketing Specialist
Foreign Agricultural Service Division

PN/LB

EGYPT'S NEW INDUSTRIES

Cotton Spinning and Weaving

Societe Misr's Mehalla Factory.

No aspect of Egypt's economic affairs is receiving more attention from her public men at the present time than the building up of new industries. The encouragement being given by the present Government to new enterprises of all kinds is not motivated only by the wish to provide work, other than employment on the already congested land, for Egypt's rapidly increasing population, but also by the desire to redress the country's foreign trade balance which, in the current year, will certainly show a substantial amount on the wrong side. Either by producing goods for export, and so increasing the revenue from foreign trade, or by fostering the manufacture in this country of products hitherto imported from abroad, and so reducing the amount of money spent abroad on necessities, it is hoped to render increasingly solid the foundations on which Egypt's economic stability is based.

No organization has been more active in this direction than Bank Misr, with its subsidiary companies, which are testing the possibilities of developing a number of new industries. Perhaps the most ambitious of all the projects which Bank Misr and its dependent companies have in hand is the establishment of a spinning and weaving industry in this country. The Societe Misr pour la Filature et le Tissage du Coton was created for that purpose. It is not the first in the field, for the Filature Nationale has been operating at Alexandria for a number of years. As is generally known, the operations of the latter company have not been attended by all the success for which its promoters hoped. The reason generally given is that, in order to produce the type of goods commanding the largest sale in Egypt, i. e. for the clothing of the fellaheen, it is necessary to have supplies of cheaper cotton than are available in this country. Japan and India and other

countries which supply the Egyptian market use large quantities of low-grade Indian cotton, which can be bought at prices very favorable in comparison with Egyptian qualities. In the opinion of some of those associated with the Filature Nationale, it is essential that the Egyptian Government should permit the importation of such Indian cotton here, if there is to be any hope of securing any large share in the local market for cotton goods. The Government, however, refuses to sanction any such importation, on the ground, it is understood, that there is risk of cotton plant disease being brought to Egypt from India. And the Government has hitherto refused to depart from its position, although there is expert opinion in support of the view that precautions can be taken to avoid absolutely - as is done in some other countries - any risk of plant disease being brought in.

The Mehalla Factories

With the example of the Filature Nationale before it, the Societe Misr needed courage to embark, as they have done, on plans for spinning and weaving on a large scale. They have erected at Mehalla, alongside their ginning factory, a huge plant for spinning and weaving, equipped with the most modern machinery, a very large part of which has been purchased from England, and in every way organized on the most modern lines. The site covers 34 feddans, and the factories extend over twelve feddans. The plant has been so constructed that it can be expanded, as time goes on, to handle four or five times the quantity of cotton with which it is indended to deal in the first instance. The output now planned for, will take about 12,000 kantars of cotton yearly, but the factory space available will allow of over 50,000 kantars eventually being handled.

On Friday, the Prime Minister, members of the Cabinet and many other guests inspected the factories. Yesterday representatives of the press were invited, and were received at Mehalla Kebir and shown over the factories by Mahmoud Shukry Pasha, Managing-Director, Talaat Bey Harb, a director, and other officials of the Societe Misr. For everyone present is was a most interesting experience, and the visitors were greatly impressed by the ambitious scale on which the enterprise has been planned,

the spacious and hygienic lay-out of the factories and the very modern machinery with which the huge buildings have been equipped. It was encouraging, too, to learn that Egyptian workers show great aptitude for learning the various operations involved in the production of cotton goods and that, under the instruction of experts from Europe, a skilled body of operators is being built up.

Courageous Enterprise

The difficulties facing this new enterprise are foreseen by its sponsors, who realise that obtaining supplies of raw material at prices enabling them to compete with manufacturers abroad is not their only problem, but that the effect of climatic conditions, the efficiency of local labor, the taste in materials of the fellaheen and mahy other questions will only be answered in the course of time. But nobody who has inspected the factories can fail to admire the courage and enterprise shown in embarking on a plan which, if it succeeds, will have important results for the future prosperity of Egypt. That the initiative shown by the Societe Misr may reap its due reward of success will be the hope of all who wish well to Egypt.

Editorial from "Egyptian Gazette", Jan. 17, 1931

Cairo, Egypt

January 19, 1931

Hon. W. M. Jardine,
American Minister,
American Legation,
Cairo, Egypt.

Dear Mr. Jardine:-

Enclosed is a copy of a Report I mailed to Washington regarding my conversation with Mr. Arnold S. Pearse, and subsequent interviews with cotton merchants of Alexandria. I trust that it will give you some insight as to the meeting on January 26th, and enable you to follow the events regarding this meeting.

With kind regards, I am,

Yours truly,

P. K. Norris

Senior Marketing Specialist
Foreign Agricultural Service Division

PN/LB

Yesterday I met Mr. Arnold S. Pearse in Alexandria. I had a letter of introduction to Mr. Pearse from his son Mr. Norman S. Pearse who is at present General Secretary of the International Federation, Master Cotton Spinners and Manufacturers' Association of Manchester, England. The elder Mr. Pearse was until about 2 months ago Secretary of this organization, having been connected with the organization for something over 20 years.

Mr. Pearse is now in Egypt, associated with the Cotton Export Company, Misr, of Alexandria. This company is a subsidiary of the Egyptian National Bank, and is very closely associated with the Egyptian government. In addition to this, it is also consolidated with Lindeman & Co. of Alexandria, the latter being old established cotton exporters.

I had a very pleasant visit with Mr. Pearse, who talked very freely regarding his connection with the export business, but made no comments regarding the part that he or his Company would play in case the Government decided to dispose of the cotton it now holds in storage in Alexandria. There is a rumor current to the effect that Mr. Pearse is going to act as the representative of the spinners in case the Government disposes of this cotton.

At the close of the meeting of the International Federation held in Cairo in 1927, the spinners appointed a Committee to cooperate with a Committee of Government and private cotton men regarding questions arising from the export of Egyptian cotton. This Committee has remained intact and its activities have enlarged until at the present time it forms a point of contact between the spinners, the private cotton merchants, and the Government, and it has jurisdiction over all aspects of the Egyptian cotton industry as it might affect European spinners.

This Committee will meet the Egyptian Government officials and the leading cotton merchants, in Cairo, January 26-27-28 and 29. While no definite statement has been made as to the matters under consideration, it is almost certain that a sales policy for the Egyptian Government will be discussed. Just what this policy will be is a matter of speculation, but the general impression among the cotton trade is that it will be some form of auction - probably the sale of a fixed quantity on a fixed date, to be announced in advance. This session will, of course, be behind closed doors and it will be impossible for anyone in

the outside to obtain exact information, but Mr. Dessouki informed me that in case a policy should be adopted it would personally be announced to the press. He added, as a personal remark, that events that would be of interest to the American Long Staple Growers would very likely arise. He intimated that, due to the relation between the price of American and Egyptian cotton, European spinners were more inclined to favor Egyptian cotton, especially since the present crop and the quantity now held by the Government assured them of an ample supply. He also made several comments regarding the American tariff, which were more or less an expression of his personal feeling.

If the coming meeting on January 6th is grounded to the extent that no leaks occur, it is very doubtful if we will be able to obtain any information ahead of the general press. However, any news regarding this meeting will be cabled immediately.

There are political aspects to this question, several of which I am unable to analyze because of my limited knowledge of Egyptian politics, but I am inclined to put a good deal of confidence in the rumor that the Government is going to take some action regarding its cotton holdings.

(undated - probably late
December or early January)

For the past several weeks the cotton trade of Egypt has been guessing as to the action of the Government regarding the cotton now held at Alexandria. The Government, through the press, has repeatedly announced that it will not dispose of this cotton at the present price. In spite of this, rumors to the contrary are common.

Last Monday I came in contact with what appeared to be more than a rumor, to effect that the Government was going to sell its cotton and that it had employed Mr. Arno S. Pearse, who is the former Secretary of the International Federation of Master Cotton Spinners and Manufacturers' Ass'n. to negotiate with European spinners. After discussing this with several people I came to the conclusion that there was some truth in the rumor, and I cabled my suspicion to the Department of Agriculture. On Tuesday I heard the same rumor, and after interviewing several cotton men I have sifted the rumors down to the following facts:

On January 26-27-28-29 representatives of the European Spinners of Egyptian cotton will meet Egyptian Government officials in Cairo and discuss the marketing of this Government cotton. Mr. Pearse is now in Egypt, associated with the Cotton Export Company, Missr, Alexandria, Egypt. This Company appears to be a subsidiary of the Egyptian

National Bank, and is very closely associated with the Government. The Cotton Export Company, Missr, has consolidated with Lindemann & Co. of Alexandria, who are old established exporters. Mr. Pearse talked rather freely regarding his connection with this company, but made no statements regarding his connections with the Government. However, he advised me to watch the meeting of the Spinners on the 26th, stating that events are likely to happen that will be of interest to Long Staple Growers of America. He intimated that in view of the present relations between the Egyptian and American cotton, that European spinners are going to use Egyptian cotton as far as possible.

He made several comments regarding the American tariff of 7¢ per pound, and stated that since American spinners were very jealous of European spinners, they would have to spin American cotton or pay the 7¢. He thinks this will give the European spinners an advantage over the American spinners, in that he will use the Egyptian cotton which he considers better than the American.

It seems to be the general opinion that following the meeting of Jan. 26th the Government will announce a definite sale policy. There are several opinions as to just what this policy will be, but many think it will be some form of auction. The Government will probably announce that on a given day they will offer for sale a certain quantity of

cotton. This will enable exporters to get in touch with their clients as to the amount of cotton they desire, and also the prices. The Government is very much interested in the cotton situation, because a great deal of its reserve funds is tied up in this cotton. It was purchased at a much higher price than it is worth today. While the present Government did not purchase this cotton and is not responsible in a way for the policy in which it was purchased, it is nevertheless anxious to recover as much as possible from its sale. It is generally understood here that the present Government is making every effort to restore stable conditions. There is no doubt that they are now working on some kind of policy that will gradually feed this stock of cotton to the market.

There are several political aspects to the question, many of which I am but slightly acquainted with, and I am therefore unable to discuss them, but from my limited knowledge of the Egyptian Government policy I am inclined to put very little confidence in statements regarding the disposal of this cotton. I am thoroughly convinced that it will be political suicide for the present Government to dump this cotton on the market in large enough quantities to depress the price. I think that the Government is a little short of ready cash, and that the officials would not hesitate to make a deal that would dispose of the cotton over a long period of time,

and thus have little effect on the market. From what I can see, it appears that the personal side is very important. It is a known fact that some officials put personal consideration first. This is very true here. Therefore if the sale of this cotton works to the interests of a few Government Officials, the sales might be very heavy, once they are started.

COTTON GROWING
in the
BELGIAN CONGO

P. K. Norris
Cairo, Egypt.

Cairo, Egypt
Jan. 15, 1931

Yesterday afternoon Mr. W. J. Lugard, Technical Advisor for the Congo Cotton Company, called at the office. Mr. Lugard is a plant breeder who at one time was connected with the plant breeding work of the Egyptian Government, but is now engaged in plant breeding for the above Company in the Belgian Congo. In our conversation we discussed the cotton growing areas in Central Africa and I was surprised to find that the Belgian Government is making every effort to increase the acreage and the yield of cotton in the area north and east of the Congo River. This work is being carried on in spite of the decline in prices, and in fact, the fluctuations in the price of cotton from one year to the next will make very little difference because the Company is organized to operate over a long period of time, and they figure that their profits will be such that they can expand even in poor years. Mr. Lugard stated that there will be produced

this year in this territory about 20,000,000 pounds of ginned cotton. This cotton will reach the European spinners about September 1931. Last year the production amounted to about 14,000,000 pounds, and next year they hope to increase even more than they did last year.

The plan followed by the Company seems to be that a fixed price is announced to the natives, and that the Company takes all the cotton produced, at this price. The price is generally low enough so that the Company will be able to break even at depressed periods such as we are now going through. In addition to this area, the Company is managing districts in the French Equatorial section of Africa, in Angola, and in Portugese East Africa. It seems that this Company has plenty of financial backing, and they are in the near future going into real production. They have made some definite plans for enlarged acreage, and hope to equal the British efforts in the Sudan.

PROPOSED

WORLD COTTON CONFERENCE

To be held in

Egypt

P. K. Norris

Cairo, Egypt

Sa 14-191

Jan. 14, 1931

For several months past the question of holding a world-wide Cotton Conference in Cairo has been discussed. Such a Conference would include all cotton growing countries, and have for its object the regulation of acreage.

The matter was discussed in a recent meeting of the General Agricultural Syndicate, and approved. The Syndicate has asked the Prime Minister to call a World Cotton Conference, to meet in Cairo in the Spring.

The General Agricultural Syndicate is an organization of rich and powerful land-owners. It was this organization that suggested to the Government that it buy cotton in the years past. They appear to have had great influence with past governments, but to what extent they influence the present government is not known. However, since the Syndicate is made up of rich landlords, it is plain that the government will give the plan some consideration.

The following is a discussion of the suggestion by the native paper "Al Missa":-

"EGYPTIAN COTTON PROBLEM"

"Al Missa's" Solution

Local consumption of entire crop.
Foster Home Industries.

In an editorial article entitled "The Cotton Conference - Let us try to find another means", "Al Missa" says:

Among the proposals submitted by the General Agricultural Syndicate to H. E. the Prime Minister is one for the holding of a Cotton Conference in Cairo, representing the important cotton producing countries, to regulate cotton production so as not to exceed the world's actual requirements of cotton, thereby putting an end to the great fall in cotton prices, "Al Shaab states that the Prime Minister has taken considerable interest in this proposal and is now studying it from all its aspects.

Although we admit that this proposal is a notable one, yet we do not expect any useful results to be produced by its being carried through. For we do not believe that all cotton producing countries will accept to participate in such a conference. It is a well known fact that the policy of Great Britain is that all the cotton required by its spinning factories should be obtained from the British Empire itself. The British Cotton Syndicate is making earnest efforts to increase the areas under cotton in the various parts of the Empire. It is also common knowledge that cotton production in the various parts of the Empire has increased several fold during the last ten years and will continue to increase from year to year. It is therefore unreasonable to expect that Britain or any country of the Empire will agree to participate in such a conference, of which the object is to limit production and not to increase it.

The policy of the United States of America, which is the greatest cotton producing country in the world, is to consume locally all the cotton it produces. This policy has succeeded to such an extent that the greater part of the cotton produced is now

being consumed locally, and the proportion of local consumption is increasing steadily. In the circumstances the U.S.A. cannot be expected to be inclined to limit its cotton production.

In the light of the above facts it will be seen that the policy of limiting production is not the one which we should adopt to reach our object. The only course open for us is to follow the policy adopted a long time ago by the U.S.A. which proved a success. Before adopting this policy the U.S.A. used to experience the same difficulties as those which we are now experiencing. The greater part of its cotton used to be exported to Great Britain. Liverpool and Manchester used to decide the price of American cotton. The Cotton Exchanges at New Orleans and New York were under the influence of manoeuvres planned in England. The whole situation changed when the U.S.A. began to consume locally the greater part of its cotton, and since then nobody but the U.S.A. itself had any control on the prices of the American cotton.

If we want a real solution to our difficulties, which are the result of the prices of our cotton being under the domination of others, we should at once try to consume locally all or the greater part of our cotton production.

In realization of this object the Government should draw up a practical policy to foster the cotton spinning and weaving industry in Egypt. To draw up such a policy is no difficult task. It can take the same measures as those taken by all advanced countries to foster the vital industries which are directly connected with the general wealth of the country. Some people may think that we mean that the Government itself should establish spinning and weaving factories or should give a considerable amount of money in the way of subsidies. No, that is not what we mean. The Government can, without committing itself to any expenses whatever, render great assistance towards the establishment of weaving and spinning industries in the country by issuing a law for the fostering of industries on the lines of the British Law regarding the fostering of British

industries. This law lays down that the Government shall guarantee, with Banks, any company which fulfills certain conditions with regard to its formation. The amount of guarantee shall be equal to a considerable part of the capital of the company. All that the Government does is that it makes use of its financial confidence to assist the company, and in return for this the Government gets the company to offer sufficient guarantee, such as giving the Government a priority right should the company go bankrupt, etc.

By such and similar measures the Government can very well encourage capitalists to invest their money in the establishment of cotton industries. When such industries have been established in the country, a considerable part of our cotton production will be consumed locally and our principal crop will no longer be under the domination of trade exporters and foreign banks.

We wish the Government would study our proposal explained above. The root of the whole trouble lies in the fact that we are obliged to export our cotton to other countries, thereby placing our cotton under the domination of consuming markets.

The best solution which presents itself is that we should be the consumers of our cotton production."

CROP CONDITIONS

IN

EGYPT

For the month

of

December, 1930

P. K. Norris

Cairo, Egypt

Jan. 14, 1931

The following is a summarized report of the Ministry of Agriculture on Crop Conditions in Egypt for the month of December, 1930:

Maize (~~Nili~~ Corn): Weather conditions: favorable for harvesting. Harvesting: almost finished save in some small areas in certain districts. Cobbing, drying and storing are in progress. Yield per feddan is ordinary.

Nili (Millet): Weather conditions: favorable for harvesting and drying. Harvesting: finished with the exception of some few areas in Assuan Moudiria. Cutting off cobs, drying and storing are in progress. Yield per feddan is ordinary.

Nili Rice: Harvesting: completely finished. Threshing, winnowing and storing are in progress. The yield per feddan is expected to be more than the usual yield by about 12% owing to the favorableness of weather, adequacy of water and absence of pests.

Sugar Cane: Weather conditions: favorable for maturity and harvesting. Pests: Some slight attacks by the stem-borer have been noticed in Galioubieh, Charkieh, Beni Suef, Minia, Assiut and Girga provinces. A slight attack by the mealy bug has also been noticed in Girga. No appreciable damage, however, has been incurred by the crop. Maturity of Crop: The greater part of the crop has been already matured. Cutting of some areas for local consumption and for native squeezers extricating molasses is in progress. The Kom-Ombo sugar factory started work on Dec. 18th. Other factories are expected to start work at the beginning of next month. The yield per feddan is expected to exceed the average by about 3% .

Wheat: Weather conditions: favorable for germination and growth. Little rain fell during the month in Lower Egypt, causing no appreciable damage to its crop. Sowing, germination and growth: Sowing is over with the exception of some few areas in basin lands in Giza, Beni Suef and Assiut where it is still in progress. Sowing was delayed on account of belated supply of water this year. Watering and manuring are in progress. Growth and germination are satisfactory.

Bersim(a kind of alfalfa, or clover): Weather conditions: favorable for the growth of the crop. and is inclined to be warm. The rain which fell during the month in Lower Egypt was favorable for cultivation. Sowing, germination and growth: Sowing of bersim in basin lands is already finished. It was delayed about two weeks in Assiut, Behera and Beni Suef on account of belated basin drainage. The taking of the first cutting is on the whole progressing. As to project lands in Upper Egypt, the taking of the second cutting in early-sown areas has been started. Watering and manuring of some areas in Lower Egypt are in progress. Ploughing of some areas in large cultivations has been started in preparation for cotton cultivation. Pests: None has been noticed.

Beans: Weather Conditions: favorable for germination and growth. The rain which fell during the month in Lower Egypt has only caused the falling of a few flowers. Germination and growth: Sowing is finished except in some few areas in basin lands of Beheira province where it is still progressing. Germination and growth are satisfactory. Fruits matured in some very early-sown areas, and are supplied to the markets for local consumption. Cultivations are on the whole in the flowering stage. Manuring and watering of some areas are already done prior to winter closure. Pests: A slight attack by aphis has been noticed in a small area in Menufia province, but was successfully treated by means of spraying with nicotin sulphate.

Barley: Weather conditions: favorable for germination and growth. No appreciable damage has befallen the crop through the rain which fell during the month in Lower Egypt. Sowing, germination and growth: Sowing is finished except in few areas in Beheira basin lands. Some areas have been manured and watered prior to winter closure. Germination and growth are satisfactory. State of sowing at Mariut is now below the average owing to the inadequacy of rain which fell during the month. The growth of last year's crop was satisfactory owing to abundance of rain. Pests: A slight attack by aphis has been noticed in Gharbia.

Helba (a form of clover used for greens): Weather Conditions: favorable for germination and growth. Sowing, germination and growth: sowing is finished except in a few areas in Beni Suef basin lands. Early-sown areas have started flowering and fruit formation. Cutting of limited areas for local consumption is in progress. Growth is satisfactory. Pests: None has been noticed.

Lentils: (a type of bean grown for food): Weather conditions: favorable for growth. Sowing, germination and growth: Sowing is finished. Growth is satisfactory. Early-sown areas have started flowering. Pests: None has been noticed.

Onions: Weather conditions: favorable for germination and growth. Transplanting, germination and growth: Transplanting is finished except in some small areas in Assiut where it is still progressing. The bulbs have started forming in some early sown areas. Weeding, manuring and watering are in progress. Pests: None has been noticed.

Flax: Weather conditions: favorable for growth. Sowing, germination and growth: Late sowing is finished. The crop has been manured and watered prior to "Sharaqui". Early-sown areas have started flowering.

State of Irrigation: The following report on the state of irrigation from Nov. 21 to Dec. 20 has been received from the Ministry of Public Works:

Lower Egypt: Irrigation: The supply was available during the whole period and all the canals were given sufficient water to meet the cultivation requirements before the winter closure. Drainage: Drainage condition was good.

Upper Egypt: The Sefi Zone: Irrigation: The Nile rotations continued at the commencement of this period, and sufficient water to meet the cultivation requirements was then given before the winter closure. Drainage: Drainage condition was generally good. The Nili Zone: The irrigation and drainage of the Middle Egypt Basins was completed.

EDITORIALS REGARDING
THE
GOVERNMENT COTTON POLICY

from

NATIVE NEWSPAPER

of

CAIRO, EGYPT

P. K. Norris

Cairo, Egypt

Cairo, Egypt

Jan. 13, 1931

The question of what to do with the Cotton now held by the Egyptian Government continues to be the leading subject for newspaper editorials. It is now a known fact that the Government is working on a policy to be submitted at a meeting of Government Officials and Cotton spinners of Europe, to be held in Cairo January 26, 27, 28 and 29, 1931.

The Native Press is very free in its advice regarding this question, and one is led to believe that some of the rumors may have an element of truth in them. The enclosed editorials from the native newspapers sum up the question very well.

ANOTHER ECONO

In an editorial article entitled, "The Government Cotton—British Imperialism is responsible for the Complications of the Economic Crisis," *Wadil Nil* says:—

"As a result of a rumour, the source of which is unknown, to the effect that correspondence is now being exchanged between the Egyptian Government authorities and certain foreign quarters on the subject of the sale of Government cotton, our market presented quite an animated appearance at the opening on January 5. With this rumour prices advanced by 18 points despite the general stagnation of trade and despite the general tendency to a new fall in prices. Everybody can therefore see, in the light of this phenomenon, that the several million kantars of Sakel cotton lying in Government stores at Wardian are a heavy burden on the market and are responsible to some great extent for the low prices obtainable for our cotton. We have no wish to ascertain the source of this rumour, for the ocean of the Cotton Exchange is too wide and its currents are too strong and rumours are so many that they form a great part of its daily life. But we cannot by any means ignore the fact that the rumour referred to above was circulated immediately after the following two happenings:— (1) The Egyptian Government again issued instructions to the Customs Administration to cease collecting the additional tax on Russian imports. This was considered as an indication that the obstacles standing in the way of the conclusion of a commercial agreement between Egypt and Russia had been removed. Perhaps the said rumour was based on the fact that the conclusion of a commercial agreement between Egypt and Russia might lead to an understanding between the Egyptian Government and Agents of Russian industrial houses on the disposal of the Government cotton.

(2) The Higher Consultative Council in the Ministry of Agriculture is now considering a proposal to the effect that the Government should retain the quantities of cotton purchased by it for five complete years and that these quantities should not be included in the official estimates of the cotton crop.

"Probably the rumour in question was derived from this proposal, the object of which is to rid the market for a period of five years of the Government cotton held in store. Whatever may be the reasons for this rumour, which caused an advance in prices on January 5 despite the general stagnation of commerce there is not the slightest doubt that the manœuvres made during the last five years by Lancashire to monopolise Egyptian cotton are responsible to some extent for this great accumulation of the Government cotton.

"Here is the explanation:

"Russia wanted to import from Egypt considerable quantities of good varieties of cotton. With this object in view factories in Russia introduced new looms for the spinning and weaving of long staple cotton. Russia was fully alive to the fact that the cotton grown in its territory, especially in Turkestan, was insufficient to meet all its requirements and so it decided to import long staple cotton from Egypt. But no sooner did Lancashire know of the intentions of Russia to buy cotton from Egypt than it kicked up a dust and said that Odessa was trying to take the place of Liverpool. In order to give its cry an impressive effect it asserted that the Russians wanted to take the purchase of cotton as a means whereby to spread Bolshevism in the Valley of the Nile. This manœuvre met with success and the Russian Agents withdrew from coming into direct touch with Egyptian markets and were obliged to obtain Egyptian cotton from Lancashire through their Commercial Agency (Arcos House) in London which was destroyed by Lord Brentford and which was subsequently obliged to move to Constantinople. The revelatons made by 'Arcos House' showed that the English used to make great profits from acting as commissioners between Egypt and Russia in the cotton trade and that Sudanese cotton used to be consigned to Russia from Lancashire as being Egyptian cotton.

"After these revelations the Soviet Government approached the Egyptian Government on the subject of the establishment of a permanent Russian Agency in Egypt. The Soviet Government accepted all the necessary conditions to safeguard Egypt against the spreading of propaganda for Bolshevism. But Lancashire again rose and repeated the same tune as before. This tune was played very loudly when negotiations were taking place between the Russian Agents and the Egyptian Government on the purchase of large quantities of Government cotton....."

SALE BY BARTER.

In an editorial article entitled "Egyptian Cotton and its Exchange for Industrial products" *Al Missa* says:

"In a letter addressed a few days ago by the Ministry of Agriculture to the Ministry of Foreign Affairs, reference was made to the agreement which is about to be concluded between Germany and Rumania with regard to the exchange of Rumanian maize for German machinery and materials required by Rumania. The Ministry of Agriculture has suggested in its letter that part of the Government cotton now lying in stores at Wardian should be exchanged for certain machinery and materials required by the various Government Departments. The suggestion of the Ministry of Agriculture appears at first sight to be a notable one. But the point is not in the exchange itself, for the exchange of products between one country and another has become a common thing nowadays. The point is that the exchange should be made in such a way as to enable the country to get the greatest benefit possible and the Government to recover a considerable part of the loss sustained by it.

"There are several ways of attaining this object. One of these ways is that the cotton should be exchanged for useful machinery by which both the Government and the public can benefit in a short period, such as the machinery required for the establishment of weaving and spinning factories and of the various agricultural industries and for the generation of electric power from the Assuan dam and other modern machinery employed in all sorts of industries. Although Egypt is an agricultural country which depends on its agricultural products, yet agricultural industries are almost non-existent. It produces cotton but it buys its own requirements of cotton manufactures from abroad at prices several times as much as those of the raw material itself. There are several waterfalls in the country which could be made use of for the generation of sufficient electric power to run the Egyptian State Railways and quite a good number of factories, thus doing away with the importation of coal from abroad.

"So if the stored Government Cotton was used for such productive purposes, the loss sustained by the Government would be made good in a short time and the Government would have laid a strong foundation for the creation of an industrial movement and great sources for the national wealth.

"Russia was the first country to follow the policy of the exchange of products. It imports its requirements of machinery and materials from every country with which it can come into touch and pays the price in local products such as wheat, timber, leather and all kinds of cereals. News came yesterday that a bargain is now being arranged between Russia and Brazil for the exchange of wheat for coffee.

(The writer then proceeds to dwell at length on the procedure followed by Russia in exchanging its local agricultural products for other countries' industrial products.)

"The application of the principle of the exchange of products is becoming more prevalent every day throughout the world. So there is no reason why Egypt should not apply this principle. But it should be pointed out that before its application Egypt should draw up an extensive permanent economic policy. Then only can the principle of exchange be employed to support this policy.

"Another important point of which sight must not be lost is that the better this principle is employed the more benefit will be derived by both the public and the Government."

THE COTTON PROBLEM.

"AL MOKATTAM" OFFERS A SOLUTION.

GETTING RID OF THE GOVERNMENT STORE.

In a leading article entitled "Government Cotton and its Effect on the Market.--A proposal" *Al Mokattam* says:

"A short time ago we published an objection raised by a certain well known economist to the attitude of the General Produce Association in including the Government cotton purchased last year in the estimates of the cotton stored at Alexandria. This inclusion dilates the figures representing stored cotton with the result that it causes pressure on the market and leads to fall in prices while in fact the Government cotton is not offered for sale like the other cotton stored by merchants or farmers.

"Whether or not Government cotton is included in the figures representing the amount of cotton held in store, the fact remains that its existence where it is, without any restriction or a definite policy, is bound considerably to affect the market. For consumers consider it as being offered for sale, though nominally and not actually, especially seeing that the Government has not declared any definite policy with regard to its cotton. A few days ago a conversation took place between us and a prominent cotton merchant on this subject. He pointed out that considerable harm is bound to be done to Egypt if the matter is to be left undecided. Egypt, he added, ought to face the difficulty and to try to find a solution. He suggested that the Government should do the same thing as was done by the Government of Cuba when it set aside one million tons of stored sugar and declared its intention that it would sell this quantity in small parts in a period extending over five years. The Egyptian Government, he said, can do the same thing and declare that its stored cotton is not offered for sale and that only a part of it, say one sixth, will be sold each year. Hence everybody will know that five sixths of the Government stored cotton should not be included in the cotton estimates of this year and so forth. By such a measure the market will be relieved of the present pressure which was the cause of the objection raised by several agriculturists and economists to the estimates made by the General Produce Association.

"But it remains to be seen whether the stored cotton can be kept in store for five or six years without being exposed to damage or deterioration in quality. The prominent merchant referred to pointed out that this probability can easily be remedied. The Government, he said, can sell a certain quantity of its stored cotton every year and buy half of this quantity of new cotton instead. Naturally this will involve a little bit of additional expense for commission, transport etc.; but this small additional expense is nothing compared to the loss caused by the pressure of stored cotton on the market.

"The above proposal seems to be a sound and practical one and we hereby submit it to the Government authorities concerned for study and consideration.

"The Government is also well advised to discuss the possibility of the exchange of cotton for certain materials of which we are in need such as coal, chemical manure and timber. The principle of exchange of one commodity for another is becoming more prevalent every day as a result of the fact that the amount of gold now in currency is insufficient to meet the world's requirements, it being remarked that two-fifths of the total amount of gold is being stored in two countries only, namely, the United States of America and France.

"In this connection we wish to repeat our suggestion that the Government should invite important cotton producing countries such as the U.S.A., India, Peru and the Sudan to a conference to be held in Cairo to consider the possibility of coming to an agreement on a general policy to be adopted with regard to cotton production—a policy to realise co-operation among these countries for the protection of their interests and to put an end to competition in increasing production to the interest of other countries. It is indeed gratifying to learn that we have already embarked on a practical solution to our cotton difficulty. This solution will take a long time before its benefit in full can be realised. The Egyptian Cotton Spinning and Weaving Company has invited journalists to visit its new big factory at El-Mahalla el-Kubra which has already commenced work. The result of this laudable step is that a quantity of our cotton will be consumed locally and a new industry has been introduced which will provide work for a considerable number of labourers."

COTTON CONDITIONS

IN THE

SUDAN

The Month of

November, 1930

P. K. Norris

Cairo, Egypt

Cairo, Egypt

January 13, 1931

The Central Economic Board of the Sudan Government in its monthly Report of December 1930 reports the following regarding cotton in the Sudan.

1. Kordofan Province. October condition: Picking has started at Birks in the Central District and in the Western Jebels District. The Report states that the crops in the Eastern Jebels and in the south part of the Province are much better than last year. However, picking was not general in this area in October. The market in the south area will open in November, while at Talodi it opened October 20th. This is all rain and flood grown cotton. The Nubar Mountains Province is included in the Report of the Kordofan Province.

2. Dongola Province. November condition: At Ghaba picking is under way. At Kalud the crop is good, and picking continues. The weather has been very favorable to picking around Nuri and good progress was made during November.

In the Berber Province north of Khartoum, picking has progressed rapidly during November. The cotton in

this area is picked and stored in the seed. Ginning takes place later in the season.

A correction of the October Report for the Kitiab district is made in the November report. The figure of 2587 Kantars reported picked during October should read 1071 Kantars. (Grounds for a Congressional investigation). All the above cotton is grown by irrigation with water supplied from pumping stations along the Nile.

3. Labor is reported as being plentiful in all the cotton growing areas this year. While no cotton was picked during November in the Gezira area, labor was reported as plentiful. The daily wage is from 5 to 6 Piasters (25 to 30 cents). Locusts (grasshoppers) were reported in the plains along the Red Sea, but so far the only area to suffer from this pest is the Tokar District. The damage is very light, however.

4. The following statistical report is given:

COTTON PROGRESS REPORT

November 1930

Season 1930-1931

	Area: 1929-1930	Area: 1930-31	Amount picked:	Estimated crops:
IRRIGATED COTTON	Feddans	Feddans	Kantars	Kantars
Kellaridis:				
Gezira.....)	174,183	175,418	Nil	438,545
Kassala CottonCompany)		20,605	Nil	66,966
Tokar.....	45,000	60,000	Nil	53,968
Kassala.....	55,456	44,568	Nil	64,000
Dueim, Shambat & Kamlin...	843	550	Nil	1,650
Private Estates.....	3,960	2,350	Nil	4,700
Miscellaneous	---	Nil	Nil	Nil
TOTAL.....	279,442	303,491	Nil	629,829
American:				
Berber Province ..... (Gov't. Pumping Stations)	3,426	3,258	6,339	8,825
Dongola Province..... (Gov't. Pumping Stations)	2,185	2,295	14	6,950
Zeidab.....	5,230	5,696	22,138	22,784
Private Estates.....	6,807	5,000	Nil	15,000
TOTAL.....	17,648	16,159	28,491	53,559

	Area: 1929-30	Area: 1930-31	Amount picked:	Estimated crops:
	Feddans	Feddans	Kantars	Kantars
RAIN-GROWN COTTON				
American:				
Northern Provinces:				
Blue Nile.....	1,930	150	Nil	95
The Fung.....	400	1,250	Nil	795
Kassala	5,000	2,100	19	3,238
White Nile	250	---	---	---
Southern Provinces:				
Kordofan	30,000	43,000	9,804	52,380
Upper Nile	9,100	5,333	Nil	2,549
Mongalla	12,000	9,500	---	8,889
Miscellaneous	----	---	---	---
TOTAL	58,680	61,333	9,823	67,946
GRAND TOTAL...	355,770	380,983	28,314	751,334

The total yield for the season is placed at 751,334 Kantars, while it was estimated at 832,131 Kantars in the October report. No reason is given for this reduction.

Copy Mailed to Washington
Dec. 2, 1930

PRELIMINARY REPORT

ON THE

PROPOSED AGRICULTURAL BANK

OF

EGYPT.

P. K. Norris
Senior Marketing Specialist
Cairo, Egypt
Dec. 1, 1930

The question of Agricultural Credit has long been a serious one in Egypt. The fellah has always depended upon some one for financial help. Every phase of his farming operation,his planting seeds,tools,fertilizers,water for irrigation and food for his family and cattle depend upon borrowed capital. Often his needs are few and the loan required is small. The principle source of this capital is the Greek money-lender who is found in every village. Another source of loans is the large land owner who will often finance the fellahin on his land. The rate of interest charged by this type of "Banker" runs from 20 to 30 per cent and in many cases as much as 50 per cent. Often the money lender is also a cotton merchant who will require that the loan be repaid in cotton there by making a profit from the cotton in addition to the interest charged.

This condition is the result of the inability of the small farmer to use the regular bank. Banks do not care to make small loans at the regular rate of interest and as they cannot charge the unfair rates of the local money-lender they do not encourage this type of business.

Several years ago the Government attempted to remedy the situation by assisting in the establishment of a bank to make loans direct to the fellahin. It was found that the bank could not make money on the small loans,it was,therefore only a short time until the bank was loaning money to the larger and more substancial farmers and ignoring the masses.

About this time the Government begin to sell seed and fertilizer through the Ministry of Agriculture direct to the fellahin. This proved so successful that it was suggested that the Government make loans direct. This was also successful and is probably responsible for the agitation for an Agricultural Bank,controlled by the Government.

The proposed Agricultural Bank is in reality a joint-stock Bank in which the Government takes one half of the capital stock provided the capital stock does not exceed L.E. 1,000,000. The Government further agrees to loan the Bank not to exceed L.E.6,000,000 as operating capital at a very low rate of interest,it also guarantees

a 5 per cent dividend on the capital stock subscribed by private individuals. In consideration of this the Government must approve the By-Laws and acts of the Board of Directors and the General Stock Holders meetings, the Government will also appoint the manager of the Bank and be represented on the Board of Directors. In this way it controls the affairs of the institution.

The loans of the Bank are to be made direct to the fellahin for the purchase of Agricultural machinery, for fertilizers and seeds and for the development of irrigation and drainage. The bank is also authorised to make loans to cooperative organisation for the purchase of agricultural supplies and for the marketing of agricultural products.

The advantage of this particular type of organisation over the previous arrangement is that the Government guarantees the interest rate on the capital stock and the Bank is, therefore, not required to confine itself to the making of large loans with the thought of earning dividends. It is recognised that little or no profit can be

made from small loans and that if the Bank were required to earn a dividend it is doubtful if it can do so when a large per cent of its outstanding loans amount to 3 to 5 pounds.

The copy of the Decree issued by the King authorising the Government to participate in the organization of an Agricultural Bank is enclosed. This Decree was issued on the 18th of November 1930. Since that date the Mixed Court has accepted the clause relating to article 727 of the Mixed Civil Code and 601 of the Native Civil Code regarding the rights of foreign residence and real estate owners.

It is urged by political leaders and economists of the country that this Decree be put into effect at once. Steps are now being taken to organize the Bank as quickly as possible in order to relieve the economic condition of the Fellah and supply him with funds for next season operations. It is recognised that the plan of the Bank to deal direct with the fellahin will meet with a great deal of opposition on the part of the native and Greek money-lender. It is

doubtful if the Bank will be able the first year of its operation to ~~loan~~ earn a 5 per cent dividend on its subscribed stock,it is,therefore,possible that the Government will have to make up a large per cent of the dividend.

The Government leaders back of the movement have made a thourough study of the question of Agricultural Credit in European countries especially in Italy and Great Britain. Its success will of course depend upon its appeal to the fellah. If he is willing to break away from his present source of financial assistance and accepts the loans offered him by the agricultural bank the scheme will no doubt succeed,however,if he continues to use his present source of credit it is likely that the volume of business done by the Bank will be so small that it will be unable to earn a fair dividend. In this case the Government is likely to become weary of paying the deficiency after a few years. The success of the whole Plan therefore,depends upon the use made of the Bank by the fellahin.

T R A N S L A T I O N

Decree Law No. 50 of 1930 authorising the Government. to participate in the organization of an Agricultural Bank.

WE, FOUAD I, KING OF EGYPT;

Refering Our Rescript No. 70 of 1930;

Our Minister of Finance having proposed and Our Council of Ministers having seconded :

ISSUE

Art. 1.- The Government is authorized to participate in the constitution of an Egyptian corporation with a view to create an Agricultural Bank which would have for its object principally the following operations :

Advances for the needs of cultivation and harvest, for the purchase of agricultural machinery and cattle, for the improvement of soil, advances on harvests, advances to the cooperative societies, instalment sale of fertilizers & seeds, to help the creation and development of all institutions useful to agriculture and agricultural credit.

This participation will consist in the subscription of Bank stocks to the extent of half the capital subscribed, provided the amount of the subscrip-

tion does not exceed L.E. 1.000.000.

Art. 2 - The Government is furthermore authorized:

1- To guaranty to the stock,representing the original capital of the Bank,under the conditions stipulated in the Statutes,a dividend of 5 per cent of their face value.

2 - To grant to the Bank advances whose total amount should not exceed L.E.6.000.000. These advances will be productive of interest at a rate to be agreed between the Government and the Bank. The repayment of the said advances cannot be collected by the Government before the liquidation of the Bank.

Art. 3.- The sums required for the stock and for the advances named in the preceeding article will be drawn from the reserve fund of the State.

Art. 4.- The Statutes of the Bank shal be subjected to the Government's approval. They shall stipulate principally:

1- That the Government shall be represented in the Council of Administration of the Bank in a proportion equal to its capital stock.

2 - That the Administrator-Deleguate or the Agent entrusted with the management of the Bank shall be appointed by the decision of the Council of Ministers.

3 - That no decision contrary to the present law shall be adopted by the general assembly of the Bank and that any modifications of the Statutes shall be approved by Decree.

4 - That the Government shall be allowed to revise within 10 days any decision which in its opinion is likely to compromise seriously the interests of the Bank. In this case, the decision shall not be executed unless it is again approved by the Board of Directors or the Stock holders, as the case may be, by a majority of voices according to the by-Laws.

Art.5-. The Government's assets represented by the loans granted to the Bank under the present law are preference mortgages. This preference mortgage shall be exercised on all the effects and properties possessed by the Bank at the time of its liquidation.

This preference mortgage shall not apply to the special creditors as defined by articles 727 of the Mixed Civil Code and 601 of the Native Civil Code.

It shall not likewise apply to holders of recognized rights prior to the purchases of real estates by the Bank or rights that have arisen as

a result of this purchase.

Art. 6.- The advances granted by the Bank for costs of cultivation and harvest as well as the sums due to the Bank for purchases of fertilizers must be guarantied by first mortgage which will rank with that established in paragraph 4 of article 601 of the Native Civil Code and in paragraph 3 of article 727 of the Mixed Civil Code and shall be recovered from the selling price of the crop of the year in which the said advances have been made or the said purchases performed.

Advances granted for cultivation and harvest expenses shall be presumed to have been effectively employed to these ends; proofs to the contrary shall not be admitted.

Art.7.- Amounts due to the Bank shall be recovered by means of administrative seizures in pursuiance to the provisions of the Decree of 25 March 1880.

Art.8- The imperciptibility established by laws No.31 of 1912 and No. 4 of 1913 shall not be applied by the Bank for the recovery loans.

Art.9 - Our Minister of Finance and Justice are entrusted each one in so far as concerned in the execution of the present law.

Our Minister of Finance shall take any arretes necessary for its execution.

Made at Koubbeh Palace, the 27th Gamad Tani 1349 (18th November 1930)

FOUAD

By the King
President of the Council of Ministers
ISMAIL SEDKY

The Minister of Finance
ISMAIL SEDKY

The Minister of Justice
ALY MAHER.

AM

1930

~~1931~~

Nov. 30

THE

OUTLOOK FOR A GOVERNMENT

COTTON SALES

POLICY

F. K. MORRIS
SENIOR MARKETING SPECIALIST
CAIRO, EGYPT.

The present position of the Egyptian Government with regard to its cotton stocks is very much as it was a year ago. At that time the Government had about L.E. 15,867,000 of its reserve fund invested in approximately 3,000,000 kantars of cotton worth at market prices only about 50% of this amount.

Early in 1930, the Government facing a declining market became concerned about the cotton situation in general. The Ministry of Finance made a study of the whole cotton problem* with a view of recommending a staple Government policy. This study was completed in October 1930, and approved by the Council of Ministers a few days later. In addition to recommending a reduction of production costs, improvement of quantity, more economical use of water, lower rents and Government assistance in financing the grower, a review of the various foreign Government interventions in the sugar, rubber, and other commodity markets was given.

The memorandum pointed to all Government interference as a failure and recommended that the Egyptian Government take no further action in the cotton market. Encouraged by this, the cotton trade at once started a movement for a statement from the Government regarding its cotton sale policy. The press was filled with letters, statements and editorials, praising the Ministry of Finance's memorandum and pointing out the value of Government statement as to its sales policy. Several plans were suggested. One of the favorite was to have the Government announce it would sell no cotton prior to August 31, 1931. Long editorials pointed out that the market would at once advance, if such a statement was made, and that than the existing market conditions were due to the fear that Government cotton would be dumped at any time. This propaganda resulted in a meeting of delegates of the International Federation of Master Cotton Spinners with the Government Officials and local cotton trade men, in Cairo, January 26, 1931. A three day session was held and among other suggestions, the Committee recommended that the Government sell no cotton until after August 31, 1931, and after that date that it sell only a fixed amount each day; the total not to exceed 500,000 kantars in any one year. Under this plan, it would require six years for the Government to sell its cotton.

A short time after this meeting, the Government published a statement in which the assurance was given that the Government would not again intervene in the market and that it would dispose of not more than 500,000 kantars annually. It was also stated that

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* Memorandum on the basis of a Staple Cotton Policy - By A. Abdul Wahhab, Under-Secretary of State.

[illegible]

no sales would be made prior to August 31, 1931, and that sales after that date would be made only as the market could absorb cotton. Very little was heard of the Government stocks during the February. In March, the Agricultural Syndicate announced that it had joined with the Alexandria General Produce Association in a program of advertising Egyptian cotton in Europe. (The Agricultural Syndicate is a semi-political organization of wealthy land owners. In the past, this organization has exerted a great deal of influence and are probably more responsible than any other group for the Government action in buying cotton. The Alexandria General Produce Association is the spot cotton dealers' organization). An active program for the use of Egyptian cotton in the "industrial centers of Europe" was outlined. The press at once took up a discussion of the program. The advantages of Egyptian over American cotton was stressed. It was also pointed out that an increase in the use of Egyptian cotton would be of so much value to the country that the Government, especially since it was the owner of large stocks, could well afford to spend money on such a program. In a short time, the Government announced that it was working on a plan for advertising Egyptian cotton through its Ministers and Consulates. In June, an Official went to Europe and for several weeks the press carried news of the progress of his work.

About this time the Soviet Government of Russia appeared as a buyer of Egyptian Government stocks. The fact that the Egyptian Government has no diplomatic relations with the Russians or that they had agreeded not to sell cotton until after August 31, 1931, did not stand in the way of a sale. The Government took the position that since it was engaged in a program for extending the use of Egyptian cotton and since Russia was not a user of Egyptian cotton but had been won over to Egyptian cotton by the advertising program, the non sale agreement did not apply to Russia. The Government, in spite of the protest of the cotton trade, sold about 25,000 bales to the Soviet Government. As a result of the criticism of the Russian sale, it was revealed that the Government had been from time to time making sales of its stocks in Alexandria. The press at once took up the matter and charged the Government with a departure of its announced policy. Protests and criticism came so fast that the Government announced that all sales made, including the Russian sale, would be replaced kantar for kantar, from cotton on which the Government had made grower advances and were then foreclosing. In a few days it became common talk that the trade was not so much opposed to the Russian sale as it was to the method of sale. While it is true the Russians had not bought from the Egyptian Government before, it is not true that they were not users of Egyptian cotton. Both Alexandria and English firms had in past sold Egyptian cotton to Russia. The real objection to the sale was the fact it was made direct and the

usual commission was not paid to the local trade.

As a part of the program for extending the use of Egyptian cotton, the Government announced that it would store its cotton at mill centers in Europe. This announcement also brought forth the usual protests with the result that the Government once more backed up and announced that no more unsold cotton would be shipped out of the country. This was pleasing to the trade as well as the local warehouse owners.

Just what the 1932 sale policy of the Egyptian Government will be is hard to say. Under the agreement with the International Federation Committee, they can sell as much as 500,000 kantars before September 1, 1932. In view of the statement regarding the Russian sales, this amount could be increased several times if sales were made to "new users of Egyptian cotton". Another question is that of trades or exchange of cotton for other commodities, as meat, copper, lumber and coal. The Egyptian State Railways could use both coal and lumber and it is possible that the Government will trade cotton for these items. If such an exchange is made, it is safe to say that the Government will hold that exchanges were not included in the agreement with spinners. In view of past Government action, it appears that the Government may sell as much as 500,000 kantars to the old users of Egyptian cotton and as much as possible to "new users". In addition, the Government is free to enter into a trade of exchange with any one who has a product of interest to Egypt.

In view of this, it appears that the Government has no real sale policy but hope to, by trying several plans, arrive at one that will allow it to sell cotton with as few objections from the trade as possible. While the Government has made definite statements from time to time, it has shown weakness in the face of the trade and press criticism. The absence of a definite sales statement may be interpreted to mean that a day to day plan will be followed regarding sales of Egyptian Government cotton stocks.